

State of Alaska FY2009 Governor's Operating Budget

Department of Commerce, Community, and Economic Development Performance Measures

Contents

Department of Commerce, Community, and Economic Development	4
Mission	4
Core Services	4
End Result	4
Strategies to Achieve End Result	4
Major Activities to Advance Strategies	4
Prioritization of Agency Programs	6
<i>Component: Administrative Services</i>	<i>8</i>
<i>End Result.....</i>	<i>8</i>
<i>Strategies to Achieve End Result</i>	<i>8</i>
<i>Component: Community and Regional Affairs</i>	<i>13</i>
<i>End Result.....</i>	<i>13</i>
<i>Strategies to Achieve End Result</i>	<i>13</i>
<i>Component: Office of Economic Development</i>	<i>23</i>
<i>End Result.....</i>	<i>23</i>
<i>Strategies to Achieve End Result</i>	<i>23</i>
RDU/Component: Qualified Trade Association Contract	38
<i>End Result.....</i>	<i>38</i>
<i>Strategies to Achieve End Result</i>	<i>38</i>
RDU/Component: Investments	46
<i>End Result.....</i>	<i>46</i>
<i>Strategies to Achieve End Result</i>	<i>46</i>
Alaska Aerospace Development Corporation Results Delivery Unit.....	54
End Result	54
Strategies to Achieve End Result.....	54
<i>Component: Alaska Industrial Development and Export Authority.....</i>	<i>60</i>
<i>End Result.....</i>	<i>60</i>
<i>Strategies to Achieve End Result</i>	<i>60</i>
Alaska Energy Authority Results Delivery Unit.....	64
End Result	64
Strategies to Achieve End Result.....	64
RDU/Component: Alaska Seafood Marketing Institute.....	70
<i>End Result.....</i>	<i>70</i>
<i>Strategies to Achieve End Result</i>	<i>70</i>
RDU/Component: Banking and Securities.....	75
<i>End Result.....</i>	<i>75</i>
<i>Strategies to Achieve End Result</i>	<i>75</i>
RDU/Component: Community Development Quota Program.....	80
<i>End Result.....</i>	<i>80</i>
<i>Strategies to Achieve End Result</i>	<i>80</i>
RDU/Component: Insurance Operations.....	82
<i>End Result.....</i>	<i>82</i>
<i>Strategies to Achieve End Result</i>	<i>82</i>
<i>Component: Corporations, Business and Professional Licensing.....</i>	<i>90</i>
<i>End Result.....</i>	<i>90</i>

<i>Strategies to Achieve End Result</i>	<i>90</i>
RDU/Component: Regulatory Commission of Alaska	94
<i>End Result.....</i>	<i>94</i>
<i>Strategies to Achieve End Result</i>	<i>94</i>
RDU/Component: Alaska State Community Services Commission	100
<i>End Result.....</i>	<i>100</i>
<i>Strategies to Achieve End Result</i>	<i>100</i>

Department of Commerce, Community, and Economic Development

Mission

To promote a healthy economy, strong communities, and protect consumers in Alaska.

Core Services

- Coordination, development and promotion of programs for sustainable economic growth.
- Regulation and enforcement to protect the consumer and to provide a stable business climate.
- Assist communities to achieve maximum local self-government.

End Result	Strategies to Achieve End Result
A: Sustainable economic growth. <u>Target #1:</u> 19,000 jobs created and maintained in 4 years. <u>Measure #1:</u> Number of jobs created beginning in 2002 to 2006.	A1: Implement economic development programs and projects. <u>Target #1:</u> Newly fund or maintain 50 or more programs and projects. <u>Measure #1:</u> Number of programs and projects funded.
End Result	Strategies to Achieve End Result
B: Increase number of Alaska citizens who have access to local government services. <u>Target #1:</u> 100% of municipal governments provide essential public services. <u>Measure #1:</u> Percentage of municipal governments providing essential public services.	B1: Improve quality of department's available resources to the public <u>Target #1:</u> Increase the number of communities participating in workshops and technical training provided by the divisions. <u>Measure #1:</u> Number of communities participating in workshops and technical training.

Major Activities to Advance Strategies

- Strengthen rural communities by providing technical assistance.
- Diversify Alaska's economic base to benefit all Alaskans.
- Market Alaska's commercial opportunities and geographic advantages to the rest of the nation and the global business community.
- Strengthen Alaska's businesses by providing technical and financial assistance.
- Maintain a fair and consistent regulatory environment.

FY2009 Resources Allocated to Achieve Results

FY2009 Department Budget: \$166,509,400

Personnel:

Full time	515
Part time	1
Total	516

Performance Measure Detail

A: Result - Sustainable economic growth.

Target #1: 19,000 jobs created and maintained in 4 years.

Measure #1: Number of jobs created beginning in 2002 to 2006.

Number of Jobs Created and Maintained

Year	YTD
2003	4,200
2004	4,900
2005	5,700
2006	4,900

In 2002, there was an average of 295,100 payroll jobs in Alaska and that has increased to 314,700 jobs in 2006. The number of jobs created in calendar year 2006 was an increase of 4,900 jobs over 2005. This is a one year growth rate of 1.5%.

Analysis of results and challenges: Continued investment in different programs and providing loans to businesses and for construction helped to stimulate the economy and create jobs. Since 2003 Alaska Aerospace Corporation created 59 direct jobs and an additional 95 indirect jobs supporting 300 people in Alaska.

The Seafood industry, mining, and the visitor industry also created a large number of new jobs for the State in 2006. The Division of Investment has maintained the same number of jobs in 2007 through the Commercial Fishing Loan. The Southeast region experienced some increase in timber related employment.

Construction and retail trade jobs were down nationwide in 2006 which reflects a downturn in Alaska.

A1: Strategy - Implement economic development programs and projects.

Target #1: Newly fund or maintain 50 or more programs and projects.

Measure #1: Number of programs and projects funded.

Number of Programs and Projects Funded

Year	YTD
FY 2005	53
FY 2006	60
FY 2007	60

Analysis of results and challenges: The increase in number for FY2006 was due to the additional federal programs received by the department. No new programs were initiated in FY2007

B: Result - Increase number of Alaska citizens who have access to local government services.

Target #1: 100% of municipal governments provide essential public services.

Measure #1: Percentage of municipal governments providing essential public services.

Percentage of essential public service

Year	YTD
FY 2004	85%
FY 2005	80%
FY 2006	83%
FY 2007	80%

Analysis of results and challenges: The decrease in percentage of services in 2005 was due to the reduction in police protection force and the increase of fuel cost in various rural cities. The department is implementing a more detailed tracking system to collect information that is self reported by communities. In 2006, the Department has worked with rural cities to increase the percentage of services, such as in the election, budget, and other essential services.

In FY2007, the reduction was due to the increase in fuel costs in various cities.

B1: Strategy - Improve quality of department's available resources to the public

Target #1: Increase the number of communities participating in workshops and technical training provided by the divisions.

Measure #1: Number of communities participating in workshops and technical training.

Number of Communities Participating

Year	YTD
FY 2003	15
FY 2004	22 +46.67%
FY 2005	32 +45.45%
FY 2006	36 +12.50%
FY 2007	38 +5.56%

Analysis of results and challenges: The technical training provided by the department has assisted the communities to reduce financial problems.

Prioritization of Agency Programs

(Statutory Reference AS 37.07.050(a)(13))

Category A – Programs and services that are essential to the Department's mission of promoting strong communities in Alaska through community assistance.

1. Local Government Development
2. Local Boundary Commission
3. Community and Business Development
4. State Assessor and Property Tax
5. Land Management and Mapping
6. Rural Utility Business Advisor (RUBA)
7. Rural Energy Programs

Category B – Regulatory programs established in statute to protect the consumer and to provide for a stable business climate.

8. Regulate Professions, Businesses and Corporations
9. Regulate Securities and Financial Institutions
10. Regulate Insurance Industry
11. Regulate Public Utilities and Pipeline Carriers
12. Community Development Quota (CDQ) Program

Category C – Programs and functions central to the Department's mission of promoting a healthy economy through economic development.

13. Financial Services and Loan Programs
14. Alaska Aerospace Development
15. Fisheries Development and Marketing

1. Local Government Development. Ensure local governments are functioning and viable by providing advice and information regarding public services, financial management training, election information, and financial assistance.
2. Local Boundary Commission. Offer recommendations regarding municipal boundary changes and incorporations.
3. Community and Business Development. Provide grants, advice, information, financial management training, and financial assistance to tribal governments, communities and other organizations.
4. State Assessor and Property Tax. Assist municipalities regarding assessment and tax issues; make local property full and true value determinations; monitor local assessment practices for compliance with State law.
5. Land Management and Mapping. Ensure public projects have site control; administer the Municipal Lands Trust program; produce and provide community maps.
6. Rural Utility Business Advisor (RUBA). Encourage rural water and sewer utilities to operate as a business; offer business, finance, personnel and management assistance to local governments and organizations.
7. Rural Energy Programs. Administer rural energy programs.
8. Regulate Professions, Businesses and Corporations. Administer 40 occupational licensing programs covering 130 occupations. License approximately 73,000 businesses. Provide legal recognition to businesses by serving as a filing agency.
9. Regulate Securities & Financial Institutions. Regulate securities, commercial banks, mutual savings banks, credit unions, trust companies, bank holding companies, small loan & premium finance offices, and Business and Industrial Development Corporations.
10. Regulate Insurance Industry. Develop and enforce the insurance statutes and regulations to: protect and educate the consumer; assure competitive, viable, ethical and lawful insurance is available to Alaskans; and enhance the insurance business environment
11. Regulate Utilities and Pipeline Carriers. Ensure affordable and reliable utility and pipeline services.
12. Community Development Quota (CDQ) Program. Promote commercial fisheries related economic development in western Alaska through allocation of percentages of each fisheries species to coalitions of communities.
13. Financial Services & Loan Programs. Provide various means of financing and facilitate the financing of businesses, commercial fisheries, and hatcheries in Alaska.
14. Alaska Aerospace Development. Provide rocket launch services to government and commercial customers.
15. Fisheries Development and Marketing. Promote economic development of Alaska's commercial fisheries and seafood industry and market Alaska seafood products domestically and overseas.

Component: Administrative Services

Contribution to Department's Mission

To provide management services and administrative support to all divisions and agencies.

Core Services

- Financial Support Services of Budget, Accounting, Monitoring, and Reporting
- Procurement and Office Space Management
- Information Technology
- Publications

End Result	Strategies to Achieve End Result
A: Ensure compliance to all accounting principles. <u>Target #1:</u> Zero audit findings. <u>Measure #1:</u> Number of audit findings. <u>Target #2:</u> Zero questioned costs required to be returned to federal government. <u>Measure #2:</u> Amount of questioned costs returned to federal government.	A1: Actively manage the financial activities of each agency. <u>Target #1:</u> Meet with program staff and analyze financial information on a continuing basis on all agencies <u>Measure #1:</u> Number of agencies
End Result	Strategies to Achieve End Result
B: Provide effective and efficient procurement-related services. <u>Target #1:</u> Zero procurement protests. <u>Measure #1:</u> Number of procurement protests resolved by Department. <u>Target #2:</u> Zero procurement protests elevated to the appeal level handled by the Department of Administration. <u>Measure #2:</u> Number of appeals.	B1: Provide procurement-related training. <u>Target #1:</u> 100% of employees performing procurement-related services receive required procurement training. <u>Measure #1:</u> Percentage of employees performing procurement-related services that receive required procurement training.
End Result	Strategies to Achieve End Result
C: Provide efficient and secure information technology services for the Department. <u>Target #1:</u> Zero security breaches. <u>Measure #1:</u> Number of security breaches <u>Target #2:</u> Zero software programs with major deficiencies. <u>Measure #2:</u> Number of software programs with major deficiencies. <u>Target #3:</u> 70% percent of IT projects completed on	C1: Provide technical training to information technology staff. <u>Target #1:</u> 100% of information technology staff complete at least one course per year. <u>Measure #1:</u> Percentage of information technology staff that complete at least one course per year.

time.

Measure #3: Percentage of IT projects completed on time.

Major Activities to Advance Strategies

- Budget Preparation and Monitoring
- Office Space Management
- Maintain Effective Security of Department Data
- Procurement
- Legislative Hearing Support and Testimony
- Develop and Support E-Commerce Applications
- Appropriation, Fund and Cost Accounting
- Maintain Computer Network

FY2009 Resources Allocated to Achieve Results

FY2009 Component Budget: \$4,420,800

Personnel:

Full time	46
Part time	0
Total	46

Performance Measure Detail

A: Result - Ensure compliance to all accounting principles.

Target #1: Zero audit findings.

Measure #1: Number of audit findings.

Number of Audit Recommendations

Year	YTD
FY 2003	3
FY 2004	0
FY 2005	1
FY 2006	1

Analysis of results and challenges: In 2006, DCCED had one finding related to two shortfalls in the operating budget related to revenue. This has been corrected

Target #2: Zero questioned costs required to be returned to federal government.

Measure #2: Amount of questioned costs returned to federal government.

Amount of Questioned Costs Returned to Federal Government

Year	YTD
FY 2003	0
FY 2004	0
FY 2005	0
FY 2006	0

Analysis of results and challenges: To be in compliance with audit and federal guidelines, the finance Section has strictly followed A-87 and A-122 and State rules and regulations on federal programs to eliminate audit or financial findings. This has assisted on a zero return of federal dollars.

A1: Strategy - Actively manage the financial activities of each agency.

Target #1: Meet with program staff and analyze financial information on a continuing basis on all agencies

Measure #1: Number of agencies

Number of agencies

Year	YTD
FY 2005	12
FY 2006	12
FY 2007	12

Analysis of results and challenges: The fiscal has prepared financial projections to assist divisions and agencies to control their budget. This process has eliminated shortfalls in their budget. Due to this reason, the department did not request any budget increases for FY06 and FY07

B: Result - Provide effective and efficient procurement-related services.

Target #1: Zero procurement protests.

Measure #1: Number of procurement protests resolved by Department.

Number of procurement protests

Year	YTD
FY 2003	0
FY 2004	0
FY 2005	0
FY 2006	0
FY 2007	0

Analysis of results and challenges: Due to the complete analysis of each contracts, zero procurement protests elevated to the appeal level handled by the the Department of Administration

Target #2: Zero procurement protests elevated to the appeal level handled by the Department of Administration.

Measure #2: Number of appeals.

Number of procurement appeals

Year	YTD
FY 2003	0
FY 2004	0
FY 2005	0
FY 2006	0
FY 2007	0

Analysis of results and challenges: Because the procuremnt staff were able to eliminate contract problems at an early stage, the department did not have any appeals from the contractors.

B1: Strategy - Provide procurement-related training.

Target #1: 100% of employees performing procurement-related services receive required procurement training.

Measure #1: Percentage of employees performing procurement-related services that receive required procurement training.

Percentage of employees receive training

Year	YTD
FY 2004	50%
FY 2005	100%
FY 2006	100%
FY 2007	100%

Analysis of results and challenges: The knowledge attained by the staff through the procurement training assisted them to follow rules set up by the Department of Administration which leads to no procurement violations.

C: Result - Provide efficient and secure information technology services for the Department.

Target #1: Zero security breaches.

Measure #1: Number of security breaches

Year	YTD
2003	0
2004	0
2005	0
2006	0
2007	0

Analysis of results and challenges: The department's anti-virus software is continually upgraded to maintain security

Target #2: Zero software programs with major deficiencies.

Measure #2: Number of software programs with major deficiencies.

Analysis of results and challenges: The in-house programs are constantly maintained to avoid deficiencies.

Target #3: 70% percent of IT projects completed on time.

Measure #3: Percentage of IT projects completed on time.

Number of projects completed

Year	#of Projects	Proj.Completed	Percentage
2007	40	28	70%

Analysis of results and challenges: Some of the projects are long range projects that need over a fiscal year to complete.

C1: Strategy - Provide technical training to information technology staff.

Target #1: 100% of information technology staff complete at least one course per year.

Measure #1: Percentage of information technology staff that complete at least one course per year.

Percentage of information technology staff that complete at least one course per year

Year	YTD
FY 2004	0%
FY 2005	17%
FY 2006	50%
FY 2007	40%

Analysis of results and challenges: The Information Technology staff needs to stay current with the latest changes in technology.

Component: Community and Regional Affairs

Contribution to Department's Mission

To advise, assist, and coordinate efforts of local governments, individuals, and organizations so communities can effectively provide essential services.

Core Services

- Local Government Assistance – Assist local governments to develop and maintain local capacities to provide efficient and effective services.
- RUBA Program – Increase the managerial and financial capacities of rural water and wastewater utilities.
- Land Management Assistance – Assist communities on regional and local basis to address and resolve land and planning issues.
- Financial Assistance – Provide financial assistance to communities through administration of multiple grant and funding distribution programs.
- Information Resources – Collect, analyze and publish local government information and economic development information.
- State Assessor - To promote justice and equity in the distribution of the tax burden and equalize values around the state to be used in conjunction with a variety of other programs, including education and various forms of revenue sharing.
- Serve as staff to the Local Boundary Commission, including preparation of reports on proposed local boundary actions and distribution of information to residents and communities on incorporation, dissolution, annexation, or consolidation procedures.

End Result	Strategies to Achieve End Result
<p>A: Deliver effective management advice and assistance to communities.</p> <p><u>Target #1:</u> 5% per year increase in number of communities using DCRA's management advice and assistance to avoid interruptions in essential community services.</p> <p><u>Measure #1:</u> Percentage increase.</p> <p><u>Target #2:</u> Provide assistance to communities so that they can qualify for financial resource programs made available through the state.</p> <p><u>Measure #2:</u> Percentage of communities which completed requirements and received available funding.</p>	<p>A1: Improve DCRA's monitoring capabilities for rural Alaska to identify communities at risk of service interruptions.</p> <p><u>Target #1:</u> 5% increase per year in number of communities submitting budgets and audit/certified financial statements on time to the division as required by state statutes.</p> <p><u>Measure #1:</u> Percentage increase.</p> <p>A2: Increase the number of communities which have completed comprehensive community planning documents that will lead to better capital infrastructure investment decisions and resolve land issues that hinder local development.</p> <p><u>Target #1:</u> 15% increase per year in the number of communities that the division assists in completing community planning documents.</p>

	<p><u>Measure #1:</u> Percentage Increase</p> <p>A3: Provide assistance to grantees in the local administration of grants including preparation and submission of grant reports.</p> <p><u>Target #1:</u> 5% increase per year in the number of grantees provided individual assistance.</p> <p><u>Measure #1:</u> Percentage Increase.</p>
End Result	Strategies to Achieve End Result
<p>B: Increase number of Alaska citizens who have access to local government services.</p> <p><u>Target #1:</u> 100% of municipal governments provide essential public services.</p> <p><u>Measure #1:</u> Percentage of municipal governments providing essential public services.</p>	<p>B1: Improve capacity through direct training.</p> <p><u>Target #1:</u> 5% increase per year in the number of communities participating in workshops provided by Division of Community and Regional Affairs staff.</p> <p><u>Measure #1:</u> Percentage increase.</p> <p>B2: Improve quality of division's available resources to the public.</p> <p><u>Target #1:</u> 5% increase per year in the number of technical assistance publications updated or created.</p> <p><u>Measure #1:</u> Percentage increase.</p>
End Result	Strategies to Achieve End Result
<p>C: Increase number of communities demonstrating adequate capacity to manage rural utility systems.</p> <p><u>Target #1:</u> 5% increase per year in number of rural utilities requesting assistance from the RUBA program to increase their management capacity.</p> <p><u>Measure #1:</u> Percentage increase.</p>	<p>C1: Increase management capacity of rural utilities through on-site assistance</p> <p><u>Target #1:</u> 5% increase per year in number of on-site visits to rural utilities to provide technical assistance and training.</p> <p><u>Measure #1:</u> Percentage increase.</p> <p>C2: Increase management capacity of rural utilities through targeted management assistance.</p> <p><u>Target #1:</u> 5% increase per year in rural utilities which meet all essential management indicators.</p> <p><u>Measure #1:</u> Percentage increase.</p> <p><u>Target #2:</u> 5% increase per year in rural utilities which meet all sustainable management indicators.</p> <p><u>Measure #2:</u> Percentage Increase.</p> <p>C3: Improve DCRA's monitoring capabilities for rural Alaska to identify communities at risk of service interruptions.</p> <p><u>Target #1:</u> 5% increase per year in the number of regularly monitored communities by division staff.</p> <p><u>Measure #1:</u> Percentage increase.</p> <p>C4: Increase number of interventions in communities before crisis develops through improving community</p>

	<p>capacity.</p> <p><u>Target #1:</u> 5% increase per year in successful interventions in communities monitored by increasing the division's ability to intervene.</p> <p><u>Measure #1:</u> Percentage increase.</p>
End Result	Strategies to Achieve End Result
<p>D: To provide equity and consistency in full value determinations across state taxing jurisdictions.</p> <p><u>Target #1:</u> Equalize all property assessments in all boroughs and cities, required by statute, for school funding and revenue sharing.</p> <p><u>Measure #1:</u> Percentage of municipal full value determination completed each year.</p> <p><u>Target #2:</u> Assure the public that all taxing municipalities comply with all state and federal assessment laws by auditing each municipal taxing authority once every five years.</p> <p><u>Measure #2:</u> Number of audits completed each year.</p> <p><u>Target #3:</u> Provide complete new full value determinations on all non-taxing municipalities every two years and on site inspections every four years, as required by statute.</p> <p><u>Measure #3:</u> Number of on site inspections made each year.</p>	<p>D1: Provide needed value modeling to produce adequate full values.</p> <p><u>Target #1:</u> Completion of the recalibration of each category in the value model every two years.</p> <p><u>Measure #1:</u> Number of recalibrations of tax models completed.</p>

Major Activities to Advance Strategies

- | | |
|--|--|
| <ul style="list-style-type: none"> • Increase on-line availability of information on Alaskan communities as well as training and technical assistance resources. • Provide direct community intervention, coordination with state/private entities, and funding through the bridge loan program. • Train community officials and local government staff to build capacity to operate local governments. • Train community officials and staff in the operation and management of essential utility facilities. • Assist communities in resolving payroll tax issues prior to IRS liens being filed. | <ul style="list-style-type: none"> • Provide incentive funding and technical assistance to communities to expand facility master plan or land use plans into comprehensive plans. • Coordinate federal, state and local resources to provide for digital community mapping. • Seek resources to properly administer the increasing number of grants awarded to communities. • Complete new full value determinations on all non-taxing municipalities every two years and on site inspections every four years. • Provide training to municipal staff regarding tax assessment, valuation, and collection issues. |
|--|--|

FY2009 Resources Allocated to Achieve Results

FY2009 Component Budget: \$9,273,000

Personnel:

Full time	57
Part time	0
Total	57

Performance Measure Detail

A: Result - Deliver effective management advice and assistance to communities.

Target #1: 5% per year increase in number of communities using DCRA's management advice and assistance to avoid interruptions in essential community services.

Measure #1: Percentage increase.

Community On-Site Assistance

Year	# of Communities	On-site Visits
2003	20	28
2004	32 +60.00%	50 +78.57%
2005	40 +25.00%	53 +6.00%
2006	36 -10.00%	58 +9.43%
2007	38 +5.56%	60 +3.45%

Analysis of results and challenges: Sustainability of communities is a major issue due to increasing costs for major budget items such as fuel and insurance. The Division expects increases in technical assistance request to continue. The primary challenge to the Division will be to meet the increasing need with a static level of resources. In 2006/2007 fuel price increased caused several communities to have significant problems. Assistance in resolving this particular issue required that more trips be made to fewer communities. The division will meet this target through creation of alternative delivery systems and prioritization of need.

Target #2: Provide assistance to communities so that they can qualify for financial resource programs made available through the state.

Measure #2: Percentage of communities which completed requirements and received available funding.

Communities Qualifying and Receiving funds

Year	%of Communities
FY 2005	92.51
FY 2006	90.88 -1.76%
FY 2007	94.90 +4.42%

Analysis of results and challenges: Assisting communities to access all available funding is one key to sustainability. Management issues that prevent communities from completing end of year financial statements or audits are the main reason funds cannot be disbursed. The Division expects increases in technical assistance to targeted communities with historic problems will increase the number of communities qualifying for payments. The primary challenge to the Division will be to motivate the governing body to take action and find funding to complete audits.

A1: Strategy - Improve DCRA's monitoring capabilities for rural Alaska to identify communities at risk of service interruptions.

Target #1: 5% increase per year in number of communities submitting budgets and audit/certified financial statements on time to the division as required by state statutes.

Measure #1: Percentage increase.

Communities submitting on time budgets, financial statements and/or audits

Year	# of Communities
2003	98
2004	105 +7.14%
2005	115 +9.52%
2006	130 +13.04%
2007	132 +1.54%

Analysis of results and challenges: Timely filing of financial documents is an indication that communities are developing both budgets and end of year financial reports in a time frame that allows their use in guiding financial policies. The challenge is to develop incentives or motivations to encourage voluntary community compliance given the limited resources made available to the Division.

A2: Strategy - Increase the number of communities which have completed comprehensive community planning documents that will lead to better capital infrastructure investment decisions and resolve land issues that hinder local development.

Target #1: 15% increase per year in the number of communities that the division assists in completing community planning documents.

Measure #1: Percentage Increase

Communities Assisted with Completion of Community Plans

Year	# Communities
FY 2006	1
FY 2007	0 -100.00%

Analysis of results and challenges: Federal funds that were applied for to increase the Division's ability to provide increased planning assistance were withdrawn by the federal agency. There were no funding sources for the Division to provide resources to assist communities in starting, preparing or completing plans.

A3: Strategy - Provide assistance to grantees in the local administration of grants including preparation and submission of grant reports.

Target #1: 5% increase per year in the number of grantees provided individual assistance.

Measure #1: Percentage Increase.

Grants to Communities

Year	# of New Grants	Total # of Grants	Grants per Administrator
2004	338	1196	170
2005	496 +46.75%	1475 +23.33%	211 +24.12%
2006	709 +42.94%	1620 +9.83%	232 +9.95%
2007	462 -34.84%	1744 +7.65%	249 +7.33%

Analysis of results and challenges: Grant staff are continually providing technical assistance to communities to help them meet their grant objectives and timelines. During FY07 we successfully assisted communities in closing out over 400 older Capital Matching, Legislative, Multi-Use, and Mini Grants. Grant staff maintain contact sheets in the files to document assistance provided. Currently the data on contact information with grantees is not collected in a method that allows for statistical analysis. that statistical information can be compiled. In the coming year we will implement a usable data collection mechanism. However, as the above data shows, the current trend of workload on staff limits the availability of staff to provide individual assistance.

B: Result - Increase number of Alaska citizens who have access to local government services.

Target #1: 100% of municipal governments provide essential public services.

Measure #1: Percentage of municipal governments providing essential public services.

Percentage of governments providing essential public services

Year	YTD
FY 2004	85%
FY 2005	80%
FY 2006	83%
FY 2007	82%

Analysis of results and challenges: There is no requirement for communities to report services provided. The primary means for collecting this data is through analysis of budget documents and anecdotal on-site assistance reports. The challenge is to collect and correct information that is self reported by communities.

B1: Strategy - Improve capacity through direct training.

Target #1: 5% increase per year in the number of communities participating in workshops provided by Division of Community and Regional Affairs staff.

Measure #1: Percentage increase.

Number of communities participating in workshops

Year	Communities
2003	15
2004	22 +46.67%
2005	32 +45.45%
2006	36 +12.50%
2007	42 +16.67%

Analysis of results and challenges: The technical training provided by the division has assisted communities in developing skills to run local government services more efficiently. Turnover of community staff is challenge to this strategy.

B2: Strategy - Improve quality of division's available resources to the public.

Target #1: 5% increase per year in the number of technical assistance publications updated or created.

Measure #1: Percentage increase.

Publications Created/Updated

Year	# Avail Tech Material
2003	8
2004	11 +37.50%
2005	13 +18.18%
2006	14 +7.69%
2007	15 +7.14%

Analysis of results and challenges: New and updated technical assistance publications are used by municipal and community staff to increase their financial and managerial skills reflecting in better run governments.

C: Result - Increase number of communities demonstrating adequate capacity to manage rural utility systems.

Target #1: 5% increase per year in number of rural utilities requesting assistance from the RUBA program to increase their management capacity.

Measure #1: Percentage increase.

Communities Participating in RUBA Program

Year	# of Communities
2003	53
2004	70 +32.08%
2005	84 +20.00%
2006	107 +27.38%
2007	131 +22.43%

Analysis of results and challenges: The significant increase in costs, primarily fuel oil, over the past two years has threatened communities' ability to continue to operate sanitation, electric, and fuel distribution utilities. Closure of one or more of these utilities in a community threatens the health and safety of residents. Increases in the management capability of local staff can offset much of the financial impact through efficiency or consolidation of entities.

C1: Strategy - Increase management capacity of rural utilities through on-site assistance

Target #1: 5% increase per year in number of on-site visits to rural utilities to provide technical assistance and training.

Measure #1: Percentage increase.

Number of on-site visits

Year	# of On-site visits
2003	108
2004	133 +23.15%
2005	168 +26.32%
2006	183 +8.93%
2007	208 +13.66%

Analysis of results and challenges: On-site training of individuals managing sanitation utilities has increased the number of utilities passing Management Capacity Assessments, becoming Provisionally Certified with RCA, and reducing long-term debts.

C2: Strategy - Increase management capacity of rural utilities through targeted management assistance.

Target #1: 5% increase per year in rural utilities which meet all essential management indicators.

Measure #1: Percentage increase.

Number of Communities meeting all essential management indicators

Year	# of Communities
FY 2006	28
FY 2007	75
	+167.86%

Analysis of results and challenges: This performance indicator is a grant condition in many sanitation constructions grants. As such, there was in significant increase in requests for assessments, and a sharper focus on completing the criteria to pass the essential indicators.

Target #2: 5% increase per year in rural utilities which meet all sustainable management indicators.

Measure #2: Percentage Increase.

of Communities Meeting all Sustainable Management Indicators

Year	# of Communities
FY 2006	21
FY 2007	15
	-28.57%

Analysis of results and challenges: This performance measure is not used as a grant condition for construction grants. Program resources were prioritized on other performance measures that had a direct impact on community projects. Communities also requested less assistance in meeting this measure.

C3: Strategy - Improve DCRA's monitoring capabilities for rural Alaska to identify communities at risk of service interruptions.

Target #1: 5% increase per year in the number of regularly monitored communities by division staff.

Measure #1: Percentage increase.

Percentage of regularly monitored communities

Year	#of Communities
FY 2003	46
FY 2004	47
	+2.17%
FY 2005	49
	+4.26%
FY 2006	68
	+38.78%
FY 2007	132
	+94.12%

Analysis of results and challenges: The increase in construction projects with Division monitored management grant conditions caused an large increase in this measure.

Regular monitoring allows staff to discover and correct potential problems before they significantly impact utilities financially or managerially.

C4: Strategy - Increase number of interventions in communities before crisis develops through improving community capacity.

Target #1: 5% increase per year in successful interventions in communities monitored by increasing the division's ability to intervene.

Measure #1: Percentage increase.

Successful Interventions

Year	# of Interventions
2006	19
2007	21 +10.53%

Analysis of results and challenges: Interventions were in regard to fuel financing, PCE reimbursements and payroll tax debt resolution.

D: Result - To provide equity and consistency in full value determinations across state taxing jurisdictions.

Target #1: Equalize all property assessments in all boroughs and cities, required by statute, for school funding and revenue sharing.

Measure #1: Percentage of municipal full value determination completed each year.

% of Full Market Evaluations Completed

Year	YTD
2004	100%
2005	100%
2006	100%
2007	100%

Analysis of results and challenges: Full value determinations are used in several statewide funding distributions programs. These determinations require on-site visits to make adequate, defensible determinations. If these values are not correct, inequities in amounts distributed will occur. One challenge is having the personnel resources which will allow adequate on-site visits to determine correct values.

Target #2: Assure the public that all taxing municipalities comply with all state and federal assessment laws by auditing each municipal taxing authority once every five years.

Measure #2: Number of audits completed each year.

Number of audits completed per year

Year	YTD	Target
2004	2	5
2005	2	5
2006	1	5
2007	0	5

Analysis of results and challenges: The detail of each city and borough tax policies and assessment procedure vary widely making the on site audits difficult. The challenge will be to find a simple audit plan that fits most municipalities. A new position was added at the end of FY07 to assist with completion of audits.

Target #3: Provide complete new full value determinations on all non-taxing municipalities every two years and on site inspections every four years, as required by statute.

Measure #3: Number of on site inspections made each year.

Year	YTD	Target
2007	3	4

Analysis of results and challenges: This was new requirement enacted by statute in FY06. A new staff person added at the end of FY07 will assist in the completions of the targeted number of determinations.

D1: Strategy - Provide needed value modeling to produce adequate full values.

Target #1: Completion of the recalibration of each category in the value model every two years.

Measure #1: Number of recalibrations of tax models completed.

Number of Tax Models Recalibrated

Year	YTD	Target
2004	1	5
2005	3	5
2006	5	5
2007	3	5

Analysis of results and challenges: The challenge is obtaining adequate data for recalibrating the value models. This process is time consuming and depends upon adequate personnel resources being made available. If tax models are not recalibrated, recalibrated accurately, or in a timely manner, full value determinations will be inaccurate causing inequities in tax values.

Component: Office of Economic Development

Contribution to Department's Mission

Improve economic development and increase investment in Alaska by advancing successful tourism and film, fisheries, forest products and minerals programs.

Core Services

- Provide economic analysis information and services for the benefit of state policy makers, industry leaders, local government leaders, and the public.
- Compile and disseminate minerals, fisheries, timber and tourism industry information.
- Promote the development of an industry-friendly business setting in rural Alaska.
- Provide technical assistance and training to rural communities, business and entrepreneurs.
- Provide staff support for industry groups or other agencies as needed to promote economic development in rural Alaska
- Extend outreach to key economic development group i.e. Community Development Quota Program groups (CDQ's) and Alaska Regional Development Organizations (ARDORS) to foster economic activity within their rural regions.

End Result	Strategies to Achieve End Result
<p>A: Rural Alaska communities in economically distressed areas will have more opportunities to diversify their economies through tourism development.</p> <p><u>Target #1:</u> Increased economic benefits from visitors each year.</p> <p><u>Measure #1:</u> Increased lodging tax revenue in rural Alaska communities (excluding Anchorage, Fairbanks and Juneau)</p> <p><u>Target #2:</u> One or more projects developed in each rural Alaska community cluster by FY2008</p> <p><u>Measure #2:</u> Increase number of new tourism products developed by Rural Visitor Industry Product Development Program that will benefit community and regional economics.</p>	<p>A1: Implement Rural Visitor Industry Product Development Program.</p> <p><u>Target #1:</u> Provide technical assistance to 4-6 rural community clusters each year through Developing Alaska Rural Tourism program.</p> <p><u>Measure #1:</u> Number of community clusters receiving technical assistance.</p> <p>A2: Improve customer service skills and employability of Alaska's workforce.</p> <p><u>Target #1:</u> Increase number of students who complete AlaskaHost customer service training by 10% each year.</p> <p><u>Measure #1:</u> Number of students who complete AlaskaHost training each year.</p> <p>A3: Provide a visitor and welcome center on the Alaska Highway and enhance the economic benefits from visitors in Tok, through the Tok Alaska Public Lands Information Center (TAPLIC).</p> <p><u>Target #1:</u> Increase the number of highway travelers served at the Tok Alaska Public Lands Information Center.</p> <p><u>Measure #1:</u> Number of highway visitors served.</p>

	<p>A4: Conduct research at consistent intervals to determine economic impact of the visitor industry at state and regional levels.</p> <p><u>Target #1:</u> Increased economic contribution of all travel and tourism expenditures in Alaska.</p> <p><u>Measure #1:</u> Total economic contribution of travel and tourism to the state.</p> <p><u>Target #2:</u> Increased employment resulting from travel and tourism expenditures in Alaska.</p> <p><u>Measure #2:</u> Total employment resulting from travel and tourism expenditures in the state.</p>
End Result	Strategies to Achieve End Result
<p>B: Increase the value of the minerals industry in Alaska</p> <p><u>Target #1:</u> 10% annual increase in statewide mineral exploration spending.</p> <p><u>Measure #1:</u> Percentage increase in mineral exploration.</p> <p><u>Target #2:</u> 10% annual increase in statewide mineral development expenditures.</p> <p><u>Measure #2:</u> Percentage increase in minerals development expenditures.</p> <p><u>Target #3:</u> 10% annual increase in statewide mineral production value.</p> <p><u>Measure #3:</u> Percentage increase in minerals production value.</p> <p><u>Target #4:</u> 10% annual increase in total value of the Alaska minerals industry.</p> <p><u>Measure #4:</u> Percentage increase in total annual statewide minerals value.</p>	<p>B1: Be a strong advocate for mineral resource development.</p> <p><u>Target #1:</u> Maintain and improve trade show participation. Improve information products for the public.</p> <p><u>Measure #1:</u> Number of trade shows attended.</p> <p><u>Target #2:</u> Improve the image of the minerals industry within the public sector in Alaska.</p> <p><u>Measure #2:</u> Public presentations, participation in workforce and educational development efforts</p> <p><u>Target #3:</u> Publish two mining industry analysis reports each calendar year.</p> <p><u>Measure #3:</u> Completion and publication of reports</p>
End Result	Strategies to Achieve End Result
<p>C: Redevelop a statewide forest products industry.</p> <p><u>Target #1:</u> Increase stable forest products industry workforce in the Southeast region by 10%.</p> <p><u>Measure #1:</u> 10% employment increase.</p>	
End Result	Strategies to Achieve End Result
<p>D: Through the Fisheries Revitalization Strategy, increase the economic return to the Alaska salmon industry.</p> <p><u>Target #1:</u> By 2007, increase the ex-vessel value of the salmon industry by 10% over the 2003 prices.</p> <p><u>Measure #1:</u> Measure in ex-vessel value on a</p>	<p>D1: The Office will develop a grant program that increases product diversification.</p> <p><u>Target #1:</u> By 2007, the fisheries equipment grant program will support an overall industry trend towards increased fillet production in Alaska to increase total fillet production by 10% by weight.</p>

price/pound basis. <u>Target #2:</u> By 2007, increase the wholesale value of the salmon industry by 10% over the 2003 prices. <u>Measure #2:</u> Measure in wholesale value on a price/pound basis.	<u>Measure #1:</u> Percentage increases in Alaska salmon fillet production by value and volume. D2: The Office will develop a grant program that increases product diversification among its grantees. <u>Target #1:</u> By 2007, grantees that received fillet processing equipment will increase fillet production by 50% from 2003 levels. <u>Measure #1:</u> Percentage increase in fillet production for grantees receiving funds for fillet equipment.
End Result	Strategies to Achieve End Result
E: Alaska Regional Development Organizations (ARDORS) will be more effective in creating and sustaining economic activity within their respective regions. <u>Target #1:</u> 5% increase in funding by public, private and non-governmental organizations to the regions, from 2003 through 2007 and 1% thereafter. <u>Measure #1:</u> Percentage increase on a year for year basis; to be averaged every five years.	
End Result	Strategies to Achieve End Result
F: Increased economic benefits from sale of Alaska manufactured products. <u>Target #1:</u> Increased number of jobs resulting from sale of Alaska manufactured products. <u>Measure #1:</u> The number of manufacturing jobs created in Alaska.	F1: Increased numbers of certified "Made in Alaska" products that are manufactured and/or made in Alaska. <u>Target #1:</u> Increase the number of Made in Alaska certified products manufactured per year. <u>Measure #1:</u> Numbers of certified product categories. <u>Target #2:</u> Increase the number of certified Made in Alaska vendors by 3% per year. <u>Measure #2:</u> Percentage increase in number of certified vendors.
End Result	Strategies to Achieve End Result
G: Improved understanding and participation by small businesses in the regulatory process. <u>Target #1:</u> 100% increase the first year, and 50% increase per year thereafter, in number of small business owners attending seminars. <u>Measure #1:</u> Percentage increase in number of small business owners attending seminars.	

Major Activities to Advance Strategies

- Conduct and publish annual studies to determine the state of the minerals, seafood, timber, and tourism industries
- Provide, to the maximum extent possible, information to the public relative to the minerals, fisheries, timber and

Major Activities to Advance Strategies

tourism industries

- Administer grant programs as funding comes available
- Publish the "Net Return to the State of Alaska" which documents state revenues and expenditures associated with fisheries, mining, timber and tourism
- Analyze and prepare a report on the effects of regulations on small business for the Department and Legislature
- Network with business providers around the state, create task force to avoid duplication, and enhance service delivery

FY2009 Resources Allocated to Achieve Results

FY2009 Component Budget: \$2,491,200

Personnel:

Full time	10
Part time	1
Total	11

Performance Measure Detail

A: Result - Rural Alaska communities in economically distressed areas will have more opportunities to diversify their economies through tourism development.

Target #1: Increased economic benefits from visitors each year.

Measure #1: Increased lodging tax revenue in rural Alaska communities (excluding Anchorage, Fairbanks and Juneau)

Rural Alaska Lodging Tax Revenue (millions \$) w/o ANC, JNU, FBX

Year	YTD
2000	3.97
2001	4.36 +9.82%
2002	4.05 -7.11%
2003	4.14 +2.22%
2004	4.54 +9.66%
2005	5.55 +22.25%
2006	5.45 -1.80%
2007	

Analysis of results and challenges: While statewide municipal lodging taxes revenues increased overall by nearly 2% between 2005 and 2006 from \$21.7 million to \$22.1 million, when Anchorage, Fairbanks, Fairbanks North Star Borough and Juneau are excluded, municipal lodging taxes decreased by approximately 2% from \$5.55 million in 2005 compared to \$5.45 million in 2006. At the time of this update, Bethel numbers were not available, but if numbers remain fairly consistent with last year at \$70,000 the decrease in rural lodging taxes will be 1%.

The Ketchikan Gateway Borough, Mat-su Borough, Nome, and Haines Borough experienced the most significant decreases in lodging tax revenues decreasing 39% (\$70K to \$43K) 27% (from \$827K to

\$607K), 14% (\$97K to \$83K) and 12% (\$64K to \$57K) respectively.

2007 data will be available in FY2008.

Target #2: One or more projects developed in each rural Alaska community cluster by FY2008

Measure #2: Increase number of new tourism products developed by Rural Visitor Industry Product Development Program that will benefit community and regional economics.

New Tourism Projects in Rural Alaska

Year	YTD
FY 2005	0
FY 2006	7
FY 2007	3
FY 2008	2

The Developing Alaska Rural Tourism (DART) program was started with a grant from the U.S. Economic Development Administration and funding (personnel) from the Alaska Department of Commerce Community & Economic Development. The initial EDA funding ended June 30, 2007. A USDA grant has been secured for FY08, to fund an off-shoot of the DART program--Tourism Mentorship Assistance Program. Other DART program activities continue in FY08 with limited resources.

Analysis of results and challenges: The decrease in number of products developed corresponds with decreasing funds to provide technical assistance.

Products/projects developed or in development as of November 2007:

Seven Tourism Mentorship Assistance Program entrepreneurs were selected as finalists in the Alaska Marketplace rural business plan competition, 10 tourism business websites were developed for each active participant in the program, 9 business/marketing plans developed.

Bethel/YK Delta: Joint regional tourism strategic plan for Bethel and several Yukon-Kuskokwim Delta villages is underway.

SEATrails: Work underway on a new business and marketing plan for the Southeast Alaska Trail System – SEATrails

A1: Strategy - Implement Rural Visitor Industry Product Development Program.

Target #1: Provide technical assistance to 4-6 rural community clusters each year through Developing Alaska Rural Tourism program.

Measure #1: Number of community clusters receiving technical assistance.

Number of Community Clusters Receiving Technical Assistance

Year	YTD
FY 2004	0
FY 2005	4
FY 2006	7
FY 2007	4
FY 2008	2

Analysis of results and challenges: Because of reduced funding (EDA grant ended June 30, 2007), tourism staff continue to serve 2 community clusters through the Developing Alaska Rural Tourism (DART) --the YK Delta and SEATrails.

Previously, OED staff provided assistance to the following major community groups to develop marketing strategies, marketing partnerships, or package tourism products and attractions.

- (1) Central Southeast Alaska
- (2) Yukon-Kuskokwim Delta Communities
- (3) Bering Strait Communities

- (4) Copper Valley Communities
- (5) Bristol Bay,
- (6) Haines/Kluckwan,

A2: Strategy - Improve customer service skills and employability of Alaska's workforce.

Target #1: Increase number of students who complete AlaskaHost customer service training by 10% each year.

Measure #1: Number of students who complete AlaskaHost training each year.

AlaskaHost Students

Year	ANC/FBX/JNU	Rural AK	YTD
2003	182	111	293
2004	301 +65.38%	283 +154.95%	584 +99.32%
2005	316 +4.98%	204 -27.92%	520 -10.96%
2006	367 +16.14%	225 +10.29%	592 +13.85%
2007	300 -18.26%	330 +46.67%	630 +6.42%
2008	0 -100.00%	0 -100.00%	0 -100.00%

An EDA grant which ended in FY07 provided resources to provide training to rural communities. Training funds are essential to maintain or increase program participation, particularly in rural Alaska. AlaskaHost trainings continue in FY08 as resources allow.

Analysis of results and challenges: The total number of students who completed AlaskaHost training increased overall by 6% from 592 in 2006 to 630 in 2007. The increase is due to a 47% increase in the number of students who completed AlaskaHost training in communities outside Anchorage, Juneau, and Fairbanks from 225 in 2006 to 330 in 2007.

The number of students completing AlaskaHost training in Anchorage, Juneau, and Fairbanks decreased 18% between 2006 and 2007. The decline in non-rural trainings in 2007 (367 vs. 200) was due to two factors: one large class of 100 last year in Fairbanks was a one time event and an active trainer at Cook Inlet Tribal Council (CITC) who trained 150-200 students each year was assigned to other responsibilities.

A3: Strategy - Provide a visitor and welcome center on the Alaska Highway and enhance the economic benefits from visitors in Tok, through the Tok Alaska Public Lands Information Center (TAPLIC).

Target #1: Increase the number of highway travelers served at the Tok Alaska Public Lands Information Center.

Measure #1: Number of highway visitors served.

TAPLIC Visitors

Year	YTD
FY 2003	13,662
FY 2004	13,522 -1.02%
FY 2005	13,207 -2.33%
FY 2006	7,364 -44.24%
FY 2007	6,974 -5.30%

TAPLIC: Tok Alaska Public Lands Information Center

The number of declining visitors to the center reflects the overall state of highway travel which has declined and then remained stagnant in recent years. High gas prices over the past two years are also expected to be having effect on highway visitors. To address these issues, the

Governor's Office supported and the Legislature approved an appropriation of \$1.3 million in operating and capital grants in FY'07 and nearly \$900,000 in operating grants for FY08 to conduct an independent marketing campaign for highway (and ferry) travel to Alaska.

Until 2007, the center was fully staffed (4 employees) from June through August, three in May and September. One full time manager staffs the center between October and April. This schedule allows the center to be open 7 day a week in the summer (May – September), 5 days a week in winter.

In 2007, budget restraints prevented us from bringing our full summer staff on until July 1, 2007.

Currently, communities and visitors bureaus on and off the road system all the way to Valdez depend on Tok staff to provide information to their visitors.

Analysis of results and challenges: The Tok APLIC is one of four center's that support the appropriate use and enjoyment of Alaska public lands and resources through "one-stop shopping" for public lands information, trip-planning assistance, and resource education. The APLIC's are a system of information and education centers that help provide visitors and residents with meaningful, safe, enjoyable experiences on public lands (and highways) and encourage them to sustain the natural and cultural resources of Alaska. These interactive and fully accessible facilities are nationally recognized for providing consistent, high quality services at all four statewide locations.

FY 07:

- Visitors to the Tok Center – 6,974
- AMHS Deposits - \$192,387

A new Tok APLIC is under design and will be part of the Tetlin National Wildlife Refuge facility in Tok. The new facility is expected to help in the effort to increase economic impact of visitors while in Alaska as well as increase their appreciation and enjoyment of the state while they are here. In FY07, the US Fish and Wildlife Service has nearly completed the purchase of a new site; the Alaska Department of Transportation & Public Facilities has nearly completed the design.

A4: Strategy - Conduct research at consistent intervals to determine economic impact of the visitor industry at state and regional levels.

Target #1: Increased economic contribution of all travel and tourism expenditures in Alaska.

Measure #1: Total economic contribution of travel and tourism to the state.

Economic Contribution of Travel and Tourism in Alaska (billions of dollars)

Year	YTD
2002	1.5
2006	NA
2007	NA

Analysis of results and challenges: Funding for a tourism economic impact study was not approved for FY07 and FY08. The Department is requesting funding in the FY09 budget.

Travel and tourism's economic contribution in Alaska reached \$1.5 billion in 2002. This amount (sales net related imports into the state) contributed 5.2% to Alaska Gross State Product (GSP) and includes direct and indirect effects of all travel and tourism expenditures, but not induced (multiplier effects).

Traditionally, the Department of Commerce is the primary provider of Alaska visitor statistics and economic impact studies for government and private sector use and planning. Every four years, the Department of Commerce conducts the Alaska Visitor Statistics Program (AVSP) to gather important information on Alaska visitor characteristics, expenditures and opinions. Following the initial survey, Commerce uses the data to measure the economic impact of these visitors to the state and regional economies. Currently, AVSP V is in the field and the Summer data will be finalized in March 2006. Previous economic impact studies were conducted with 1999 and 2002 data. The economic impact study should be updated in FY08 with 2006 data. Ideally, this study would be conducted at least every other year.

Target #2: Increased employment resulting from travel and tourism expenditures in Alaska.

Measure #2: Total employment resulting from travel and tourism expenditures in the state.

Travel and Tourism-Related Employment

Year	YTD
2002	37,650
2006	NA
2007	NA

Analysis of results and challenges: Funding for a tourism economic impact study was not approved for FY07 and FY08. The department is requesting funding for the study in the FY09 budget.

B: Result - Increase the value of the minerals industry in Alaska

Target #1: 10% annual increase in statewide mineral exploration spending.

Measure #1: Percentage increase in mineral exploration.

Percentage of Expenditures in mineral exploration Alaska

Year	In Millions	% Increase
2002	26.5	0
2003	27.6	4.15%
2004	70.8	156.52%
2005	103.9	46.75
2006	178.9	72.2%
2007	250.0	39.74%

2007 data is projected.

Analysis of results and challenges: The increase in mineral exploration investment has far surpassed the target. The increase reflects the pro-development philosophy of the state, the recognition of the very high mineral potential, and the increases in metal prices.

Target #2: 10% annual increase in statewide mineral development expenditures.

Measure #2: Percentage increase in minerals development expenditures.

Value of Development Expenditures in Alaska

Year	Millions \$\$	% Increase
2002	34.1	0
2003	39.2	14.96%
2004	209.1	433.42%
2005	347.9	66.4%
2006	495.7	42.5%
2007	280.0	-43.51%

2007 data is projected.

Analysis of results and challenges: Development investment increased 42.5% from 2005 and the average increase from 2002 has been 95.4%. This increase reflects construction efforts at Pogo, advanced stripping at Fort Knox, project construction at Kensington, equipment acquisition and construction at Rock Creek in Nome, construction at Nixon Fork and investment in a number of rock, sand, gravel and placer projects.

Development dollars will be spent to develop those projects that have been approved for commissioning by company boards. Development expenditures are expected to decrease in the near term (2007 - 2009) due to phased completion of the Pogo project then Nixon Fork, then Kensington and Rock Creek; Stripping expenditures will continue at Ft. Knox and maintenance capital will continue at the other large mines. Increases in the longer term (2010 and beyond) are expected due to commissioning of Chuitna Coal, Donlin Creek, Pebble Copper.

Target #3: 10% annual increase in statewide mineral production value.

Measure #3: Percentage increase in minerals production value.

Value of Minerals Production in Alaska

Year	In Billions	% Increase
2002	1.013	0
2003	1.0007	-.92%
2004	1.3387	33.87%
2005	1.4016	4.70%
2006	2.858	103.91%
2007	3.20	11.97%

2007 data is projected.

Analysis of results and challenges: Mineral production values increased 103.9% between 2005 and 2006. The most significant influence to the increase in value has been the very aggressive appreciation in commodity prices; in addition, increases in gold production are noted due to Pogo commissioning. Production values are expected to increase in 2007 due to continued price increases and to commissioning of the Pogo mine. Thereafter, Kensington, Rock Creek/Big Hurrah, Nixon Fork, Chuitna Coal, Donlin Creek, etc. will be commissioned and will influence production values significantly.

Target #4: 10% annual increase in total value of the Alaska minerals industry.

Measure #4: Percentage increase in total annual statewide minerals value.

Total Value of Alaska Minerals Industry

Year	Billions \$\$	% Increase
2002	1.0734	0
2003	1.0674	-.24%
2004	1.62	51.40%
2005	1.8534	38.4%
2006	3.533	90.6%
2007	3.73	5.58%

The growth of the industry has been positive and has exceeded expectations.

2007 data is projected.

Analysis of results and challenges: The improvement in value between 2005 and 2006 was \$1.68B 90.7% over the 2005 value. The forecast for the overall value of the industry is very positive and expected to increase steadily for the foreseeable future.

Challenges are presented to the state in overcoming high profile negative public sentiment, shortages of skilled personnel, lack of infrastructure, and high and increasing power and fuel costs.

B1: Strategy - Be a strong advocate for mineral resource development.

Target #1: Maintain and improve trade show participation. Improve information products for the public.

Measure #1: Number of trade shows attended.

Number of Trade Show Participation

Year	YTD	Target
FY 2004	3	3
FY 2005	6	6
FY 2006	6	6
FY 2007	6	6
FY 2008	6	6
FY 2009	0	7

Trade show participation maintained at 6 for FY 2007.

Target #2: Improve the image of the minerals industry within the public sector in Alaska.

Measure #2: Public presentations, participation in workforce and educational development efforts

Analysis of results and challenges: Provided informational presentations to organized groups and informational services in the major population centers of the state. Distributed informational CD. Participated in the College of Engineering and Mines Advisory and Development Council (CEMADC) and Putting Alaska Resources to Work (PARW) group.

Target #3: Publish two mining industry analysis reports each calendar year.

Measure #3: Completion and publication of reports

Analysis of results and challenges: The initial and final calendar year report is published each year. The reports present the initial and final exploration, development and production information, respectively.

C: Result - Redevelop a statewide forest products industry.

Target #1: Increase stable forest products industry workforce in the Southeast region by 10%.

Measure #1: 10% employment increase.

Forest Products Employment - SE Alaska

Year	Logging	Manufacturing	YTD
2001	500	300	800
2002	350 -30.00%	150 -50.00%	500 -37.50%
2003	400 +14.29%	150 0%	550 +10.00%
2004	315 -21.25%	135 -10.00%	450 -18.18%
2005	349 +10.79%	150 +11.11%	499 +10.89%

Data for 2006 are not yet available.

Analysis of results and challenges: The timber industry provided the economic foundation for many of Southeast Alaska communities. Year-round, well-paying jobs helped increase the standard of living and developed an infrastructure that made growth possible in other industries like tourism and seafood. The current state of decline in the industry affects transportation costs and other public services that were initiated in part to serve a growing timber industry. The recovery of forest products manufacturing in Southeast Alaska is therefore a critical task for improving the economic health of many SE communities.

While the Southeast region experienced some increase in timber-related employment between 2002 and 2003, it has declined since that time and the potential for a catastrophic collapse remains high. The employment increase in 2005 is accounted for by unsustainable infusions of timber from State of Alaska holdings. DNR and OED's participation in a Governor's office initiative to help the Forest Service offer more economic timber is critical to this sector's recovery.

D: Result - Through the Fisheries Revitalization Strategy, increase the economic return to the Alaska salmon industry.

Target #1: By 2007, increase the ex-vessel value of the salmon industry by 10% over the 2003 prices.

Measure #1: Measure in ex-vessel value on a price/pound basis.

2003 to 2006 Alaska Salmon Ex-Vessel Values

Species	2003	2004	2005	2006	% Change '03 to '04	% Change '04 to '05	% Change '05 to '06	% Change '03 to '06
Chinook	\$1.37	\$1.93	\$2.27	\$2.77	41%	18%	22%	102%
Sockeye	\$0.60	\$0.60	\$0.73	\$0.67	0%	22%	-8%	12%
Coho	\$0.49	\$0.70	\$0.76	\$0.99	43%	9%	30%	102%
Pink	\$0.08	\$0.10	\$0.12	\$0.13	25%	20%	8%	63%
Chum	\$0.17	\$0.21	\$0.27	\$0.31	24%	29%	15%	82%
Total	\$ 0.25	\$ 0.34	\$ 0.35	\$ 0.42	34%	3%	22%	67%

Table in process of being updated and will be available in fiscal year 2008.

Analysis of results and challenges: From 2003 to 2006 the ex-vessel price of salmon increased 88% overall; Chinooks (or Kings) salmon saw the greatest price increases. Every salmon specie, save one, either saw its price per pound double or nearly-double during that four year period. Sockeye salmon is Alaska's most valuable specie by volume, yet its price did not increase from 2003 to 2006 as much as the other salmon species.

Preliminary data suggests that salmon prices in 2007 retreated somewhat. It should be noted, however, that the overall value of salmon harvested in 2007 increased. Commercial salmon fishermen hauled in over \$374 million in 2007, the most since 1999.

The increase in total fishery value and volume (and the decline in total average price) can be explained by the massive return of pink salmon to Southeast Alaska and Prince William Sound. Statewide pink salmon harvests increased from 270 million pounds in 2006 to 505 million pounds in 2007. Harvests of "money fish" (Chinook and Coho) were down considerably in 2007. In Southeast chum harvests declined by nearly 48 million pounds. In Bristol Bay, sockeye harvests increased nearly 7 million pounds this past season – the largest sockeye harvest in "the Bay" since 1996.

The salmon market bottomed out in 2002 with low returns and low dock prices. The Alaska Fisheries Revitalization Strategy (AFRS) began in 2003. The program was funded with \$50 million in federal disaster funds. That money has been granted out to fishermen, processors, communities, consultants, and departments to help trigger innovation and renewal in the industry. Specifically the AFRS provided investment support for new quality/value-added equipment and marketing programs that would establish new high value niches for Alaska salmon. Time will tell whether the money was spent wisely, but data on dock prices, wholesale prices, and market sentiment is encouraging – wild Alaska salmon is increasingly becoming a valuable high-end, niche product that customers seek out.

It's obvious that relying on dock prices is a very crude measure of success that doesn't factor in cultural, social, and other economic factors. In the future we hope to provide better data and analysis addressing value-added products, direct marketing efforts, the development of other fisheries, cultural and social ramifications, and community impacts. It's also important to note that statewide prices don't always reflect the larger changes that affect regions or a region's species from year to year.

Target #2: By 2007, increase the wholesale value of the salmon industry by 10% over the 2003 prices.

Measure #2: Measure in wholesale value on a price/pound basis.

Wholesale price for Alaska Salmon from 2003 to 2005

	2003	2004	2005	% Change 03 to 04	% Change 04 to 05	% Change 03 to 05
Chinook	\$ 2.20	\$ 3.52	\$ 3.80	60%	8%	73%
Chum	\$ 0.91	\$ 1.01	\$ 1.10	11%	9%	20%
Coho	\$ 1.54	\$ 2.01	\$ 2.11	31%	5%	37%
Pink	\$ 0.89	\$ 0.88	\$ 0.95	-2%	8%	6%
Sockeye	\$ 2.05	\$ 2.03	\$ 2.26	-1%	12%	10%
Total	\$ 1.29	\$ 1.43	\$ 1.53	11%	7%	18%

Table in process of being updated and will be available in fiscal year 2008.

Analysis of results and challenges: Wholesale values, the value obtained by the first company that buys the salmon from fishermen increased 10% from 2005 to 2006 and 39% from 2003 to 2006. The greatest price increases have been seen in the Chinook and coho species that are often troll-caught and sold as fresh or frozen fillets. Chums have been the target of increased by-product utilization efforts while a large percentage of sockeyes and pinks still end up as canned salmon. While the canned salmon market has been sluggish, there are some who feel the product form can still benefit from the overall positive image of wild Alaskan salmon.

Even though wholesale price gains appear impressive in 2006, it's important to note that these price per pound data represent net (or processed pounds). So this may not translate into true increases in value because in order to make fillets you remove weight that would otherwise be sold in a less processed form. Nonetheless, increases in wholesale prices are good indicator of strong market demand.

Export markets are vital to the salmon industry. In 2006, Alaska exported \$2.17 billion worth of seafood (salmon and other commercial species) to foreign countries – up \$17 million from 2005. Seafood accounted for 50% of Alaska's total exports in 2006. Traditionally, the bulk of those exports went to Japan, however those trends are changing as customers in other parts of the world are buying more Alaska seafood.

D1: Strategy - The Office will develop a grant program that increases product diversification.

Target #1: By 2007, the fisheries equipment grant program will support an overall industry trend towards increased fillet production in Alaska to increase total fillet production by 10% by weight.

Measure #1: Percentage increases in Alaska salmon fillet production by value and volume.

Product form	Total Volume			Total Value		
	2003	2004	% change	2003	2004	% change
Canned	193,262,188	192,813,614	0%	\$ 227,970,115	\$ 246,823,763	9%
Fillets	13,498,511	19,303,610	43%	\$ 26,590,193	\$ 47,539,469	79%
Head & Gut	201,874,729	244,025,805	21%	\$ 205,586,061	\$ 306,141,547	49%
Minced/Other	1,493,756	1,671,187	12%	\$ 756,104	\$ 1,116,442	48%
Roe	25,742,399	21,223,647	-18%	\$ 110,938,813	\$ 97,617,165	-12%
Whole	15,278,582	28,658,356	88%	\$ 11,240,578	\$ 24,014,369	114%
Total	451,150,166	507,696,019	13%	\$ 583,081,864	\$ 725,252,755	24%

Product form	2003		2004		% change in \$/lb
	\$		\$		
Canned	\$ 1.18		\$ 1.29		9%
Fillets	\$ 1.97		\$ 2.46		25%
Head & Gut	\$ 1.02		\$ 1.25		23%
Minced/Other	\$ 0.51		\$ 0.67		32%
Roe	\$ 4.31		\$ 4.60		7%
Whole	\$ 0.74		\$ 0.84		14%
Total	\$ 1.29		\$ 1.43		11%

Reading from top left to right and then down, the three charts indicate total volume in pounds, total dollars and price per pound, respectively. Alaska salmon fillet production increased 43% at the wholesale level from 2003 to 2004. With an increase in the price per pound of 25%, this meant a total increase in the value of fillets of 79%. While this was impressive, other product forms witnessed similar significant increases in value - indicating a strong demand in the market for wild Alaska salmon. This table is in the process of being updated and will be available in fiscal year 2008.

Analysis of results and challenges: 2004 fillet production numbers mark a significant increase in Alaska salmon fillet production. Fillet production increased steadily the past few years, but garnered only about 2% of all production. That increased to 4% for 2004. While this remains a small amount of the overall production, this relatively big increase in this product form indicates Alaska salmon producers are making investments in an effort to meet changing consumer demands.

D2: Strategy - The Office will develop a grant program that increases product diversification among its grantees.

Target #1: By 2007, grantees that received fillet processing equipment will increase fillet production by 50% from 2003 levels.

Measure #1: Percentage increase in fillet production for grantees receiving funds for fillet equipment.

Fillet Production for Fisheries Economic Development Grant Recipients



2004 fillet production for the Fisheries Economic Development Grant Program grantees who received fillet equipment for the 2004 season increased 142% over 2003. H&G - Headed and gutted. This table is in the process of being updated and will be available in fiscal year 2008.

Analysis of results and challenges: The increase in statewide salmon fillet production in 2004 was 43%. The increase in fillet production among the Fisheries Economic Development Program grantees with fillet awards was 142%. When you remove the volume of production from the grant recipients from the statewide total, the increase in fillet production falls to 30%. Fillet equipment grants to Alaska producers influenced an increase in the annual fillet production by 12%.

E: Result - Alaska Regional Development Organizations (ARDORS) will be more effective in creating and sustaining economic activity within their respective regions.

Target #1: 5% increase in funding by public, private and non-governmental organizations to the regions, from 2003 through 2007 and 1% thereafter.

Measure #1: Percentage increase on a year for year basis; to be averaged every five years.

Participation and Funding Increase

Year	Percentage Increase
2007	5%

Analysis of results and challenges: This program will expect to show the amount of collaboration and participation from within the communities in support of the ARDOR program. The analysis may also show where the weaknesses in collaboration among the communities and the partners are to be corrected. The challenge may be with the limited amount of public, private, and non-governmental organizations in these regions that are able to support with funding in some areas.

F: Result - Increased economic benefits from sale of Alaska manufactured products.

Target #1: Increased number of jobs resulting from sale of Alaska manufactured products.

Measure #1: The number of manufacturing jobs created in Alaska.

Analysis of results and challenges: Data will be collected and reported in FY2008.

F1: Strategy - Increased numbers of certified "Made in Alaska" products that are manufactured and/or made in Alaska.

Target #1: Increase the number of Made in Alaska certified products manufactured per year.

Measure #1: Numbers of certified product categories.

Analysis of results and challenges: Data will be collected and reported in FY 2008.

Target #2: Increase the number of certified Made in Alaska vendors by 3% per year.

Measure #2: Percentage increase in number of certified vendors.

Number of Certified Vendors

Year	# of Certified Vendors	% Increase
2006	1097	0
2007	1132	3.19%

Analysis of results and challenges: The challenges include identifying businesses that are not operated as hobbies and have the potential to grow, and helping Alaska small businesses with logistical problems that impede growth.

G: Result - Improved understanding and participation by small businesses in the regulatory process.

Target #1: 100% increase the first year, and 50% increase per year thereafter, in number of small business owners attending seminars.

Measure #1: Percentage increase in number of small business owners attending seminars.

Small Business Owners Attending Seminars

Year	# of Attendees
2006	15
2007	37 +146.67%
2008	55 +48.65%

Analysis of results and challenges: There will be an increase in the number of small business owners that attend technical training courses. The challenge is in getting attendance from businesses statewide. This will be addressed with facilitator travel to hubs Fairbanks, Juneau, Nome, Dillingham, and Bethel.

RDU/Component: Qualified Trade Association Contract*(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

Promote Alaska as a top visitor destination, communicating and promoting the Alaskan tourism industry as one of the state's major economic forces.

Core Services

- Promote and facilitate travel to and throughout the State of Alaska.
- Provide a broad-based association of individuals and companies with an interest in the visitor industry in Alaska.
- Increase awareness of the economic importance of the visitor industry.
- Work cooperatively with the state on tourism development and long-range planning.

End Result	Strategies to Achieve End Result
A: Increase interest and awareness of Alaska as a travel destination. <u>Target #1:</u> 2% increase the number of high potential visitors to Alaska. <u>Measure #1:</u> % increase in high potential visitors (measured through Images of Alaska research). <u>Target #2:</u> 2% increase in domestic and international visitors between May 1 and September 30 on each year. <u>Measure #2:</u> % increase in all visitors between May 1 and September 30.	A1: Distribute information to consumers via marketing brochures. <u>Target #1:</u> 500,000 brochures distributed to potential Alaska visitors. <u>Measure #1:</u> Number of brochures distributed. A2: Conduct a consumer marketing program to include direct mail, television and magazine advertising campaigns using the most effective media channels. <u>Target #1:</u> Media selection converts to travel at a rate of 12% or higher. <u>Measure #1:</u> Conversion rates. A3: Develop TravelAlaska.com as trip planning tool for visitors that will enhance and in some cases replace trip planning information distributed by mail. <u>Target #1:</u> 5% increase TravelAlaska.com unique visitors. <u>Measure #1:</u> % increase in unique visitors to TravelAlaska.com.
End Result	Strategies to Achieve End Result
B: Increase the number of domestic visitors to Alaska. <u>Target #1:</u> 2% annual increase in the number of domestic visitors to Alaska between May 1 and September 30.	B1: Increase the number of North American travel trade selling Alaska by increasing the number of travel agents graduating from the Travel Institute's Alaska Destination Specialist course. <u>Target #1:</u> 150 Alaska Destination Specialist Graduates

<u>Measure #1:</u> % of annual increase in domestic visitors	(through Alaska destination training to 560 travel agents/year). <u>Measure #1:</u> Number of Alaska Destination Specialist Graduates.
End Result	Strategies to Achieve End Result
C: Increase international visitors to Alaska from Japan. <u>Target #1:</u> 2% increase in visitors from Japan. <u>Measure #1:</u> % increase in number of visitors from Japan. <u>Target #2:</u> 2% increase in annual visitors to Alaska from Germany. <u>Measure #2:</u> % increase in number of visitors to Alaska from Germany.	
End Result	Strategies to Achieve End Result
D: Promote travel to Alaska by generating stories of interest to both national and international media outlets. <u>Target #1:</u> 2% annual increase in value of media coverage generated through public relations activities. <u>Measure #1:</u> % increase in value of media generated through ATIA's public relations efforts.	D1: Host Alaska Media Road Show, Alaska's premiere media market place designed to connect Alaska business with influential travel writers and editors. <u>Target #1:</u> 2% annual increase in the number of Alaska Media Road Show participants (to allow more Alaska businesses to gain more exposure with influential travel publications, broadcasters). <u>Measure #1:</u> % annual increase in the number of Alaska Media Road Show participants. D2: Assist journalists and media outlets by providing Alaska editorial suggestions, photography, fact checking and itinerary assistance. <u>Target #1:</u> 2% annual increase in the number of journalists assisted. <u>Measure #1:</u> % increase in the number of journalists assisted.

Major Activities to Advance Strategies

- Distribute information to consumers via marketing brochures.
- Conduct a consumer marketing program to include direct mail, television and magazine advertising campaigns using the most effective media channels.
- Develop TravelAlaska.com as trip planning tool for visitors that will enhance and in some cases replace trip planning information distributed by mail.
- Increase number of North American travel trade selling Alaska by increasing the number of travel agents graduating from the Travel Institute's Alaska.
- Host Alaska Media Road Show, Alaska's premiere media market place designed to connect Alaska business with influential travel writers and editors.
- Assist journalists and media outlets by providing Alaska editorial suggestions, photography, fact checking and itinerary assistance.

FY2009 Resources Allocated to Achieve Results

FY2009 Component Budget: \$4,205,100

Personnel:

Full time 0

Part time 0

Total 0

Performance Measure Detail

A: Result - Increase interest and awareness of Alaska as a travel destination.

Target #1: 2% increase the number of high potential visitors to Alaska.

Measure #1: % increase in high potential visitors (measured through Images of Alaska research).

Number of High Potential Visitors (Millions)

Year	YTD	Target
2000	22.5	22.5
2006	20.0 -11.11%	22.95 +2.00%

ATIA is currently analyzing possible reasons for decline in high potentials. Discussions focus on national trends that indicate that people tend to take shorter vacations closer to home. Alaska marketing programs must continually address perceptions that Alaska is "too far away."

Analysis of results and challenges: The 2006 Images of Alaska study is complete. Data shows that 20 million people or 9% of all U.S. adults are identified as being high-potential prospective visitors (adults who state a high likelihood of visiting Alaska in the next 5-7 years).

Previously, the 2000 Images of Alaska study identified the size of the prospective/potential/high potential Alaska visitor market. 22.5 million people or 11% of all U.S. adults are identified as being high-potential prospective visitors.

Target #2: 2% increase in domestic and international visitors between May 1 and September 30 on each year.

Measure #2: % increase in all visitors between May 1 and September 30.

Year	YTD
2001	1.2
2002	1.28 +6.67%
2003	1.3 +1.56%
2004	1.48 +13.85%
2005	1.63 +10.14%
2006	1.63 0%
2007	1.69 +3.68%

The Alaska Visitor Statistics Program measures visitation between May to September of each of year. The last baseline study was conducted in 2006. Data in between baseline years is determined by applying ratios developed in the baseline year to actual arrival data from airports, U.S. customs, Alaska Marine Highway System, etc.

The 2001 study established that 91% of Alaska's visitors come during the Summer (May 1 through September 30). This table shows summer visitors from summers 2001 to 2006.

Analysis of results and challenges: Preliminary estimates for 2007 reflect an increase of 54,400 visitors, a 3 percent increase over Summer 2006.

A1: Strategy - Distribute information to consumers via marketing brochures.

Target #1: 500,000 brochures distributed to potential Alaska visitors.

Measure #1: Number of brochures distributed.

Number of Alaska Marketing Brochures Distributed

Year	YTD
FY 2003	536,043
FY 2004	518,693
FY 2005	495,227
FY 2006	589,082
FY 2007	562,904

Analysis of results and challenges: The role of ATIA consumer marketing programs is to find potential visitors throughout North America and provide them with compelling information about Alaska in an effort to convert their interest in Alaska to actual travel to the state. Aggressive direct response programs in FY07 allowed ATIA to reach millions of potential visitors and resulted in 562,904 qualified requests for Alaska travel information. Although the goal for the year was exceeded, the total number of brochures distributed to consumers responding to the marketing campaigns decreased slightly over the prior year.

Each year, the Alaska Travel Industry Association (ATIA) establishes a goal in regards to the number of marketing brochures distributed to potential visitors.

ATIA will continue to measure the number of brochures being sent each week, along with the total for the year, and share this information with the state and ATIA's member businesses. This is important data because it substantiates how effectively ATIA marketing programs deliver Alaska's message.

A2: Strategy - Conduct a consumer marketing program to include direct mail, television and magazine advertising campaigns using the most effective media channels.

Target #1: Media selection converts to travel at a rate of 12% or higher.

Measure #1: Conversion rates.

ATIA Conversion Rates

Year	YTD	Target
FY 2001	12%	12%
FY 2002	14%	12%
FY 2003	15%	12%
FY 2004	15.6%	12%
FY 2005	14.7%	12%
FY 2006	16.11%	12%

Analysis of results and challenges: The 2006 Alaska Conversion Study was conducted to measure the effectiveness and cost efficiency of selected advertising sources used in the 2006 Alaska Tourism Industry Association program. The overall 2006 conversion rate for all sources tested is 16.11%, which is slightly higher compared to 2005 (14.7%).

Conversion rates are highest in the West (18%), followed closely by the East (14%), South (14%) and the Midwest (13%).

The overall return on investment (including transportation costs) for all 2006 sources combined is \$168.19 per visitor, a small decrease compared to 2005 (\$174.54 per visitor).

The 2006 Alaska Conversion Study report became available in January 2007.

A3: Strategy - Develop TravelAlaska.com as trip planning tool for visitors that will enhance and in some cases replace trip planning information distributed by mail.

Target #1: 5% increase TravelAlaska.com unique visitors.

Measure #1: % increase in unique visitors to TravelAlaska.com.

Unique Visitors to TravelAlaska.com

Year	YTD
FY 2003	850,924
FY 2004	1,451,151 +70.54%
FY 2005	1,494,488 +2.99%
FY 2006	2,043,808 +36.76%
FY 2007	2,582,221 +26.34%
FY 2008	0 -100.00%

Analysis of results and challenges: ATIA tracks web site statistics throughout the year and shares the information with the marketing committee so their decisions can be based on relevant and reliable information.

B: Result - Increase the number of domestic visitors to Alaska.

Target #1: 2% annual increase in the number of domestic visitors to Alaska between May 1 and September 30.

Measure #1: % of annual increase in domestic visitors

Summer-Domestic Visitors to Alaska (in millions)

Year	YTD
2001	1.09
2002	1.16 +6.42%
2003	1.19 +2.59%
2004	1.32 +10.92%
2005	1.39 +5.30%
2006	1.48 +6.47%
2007	0 -100.00%

The Alaska Visitor Statistics Program measures visitation between October to September of each of year. Baseline studies were conducted in 2000-2001 and 2006-2007. Data in between baseline years is determined by applying ratios developed in the baseline year to actual arrival data from airports, U.S. customs, Alaska Marine Highway System, etc.

The 2006 study established that 91% of Alaska's visitors are domestic travelers and 9% are from overseas markets. The 2006-2007 AVSP is currently underway and results will be available in December 2007. This table shows summer domestic visitors from summers 2001 to 2006.

Analysis of results and challenges: The AVSP Summer 2006 report shows that 958,900 cruise ship passengers traveled to Alaska in 2006, a .6% increase over summer 2005.

Currently, we know that domestic visitors to Alaska increased about 7% between the summer 2005 visitor

season (1.39 million domestic visitors) and the summer 2006 visitor season (1.48 million domestic visitors).

B1: Strategy - Increase the number of North American travel trade selling Alaska by increasing the number of travel agents graduating from the Travel Institute's Alaska Destination Specialist course.

Target #1: 150 Alaska Destination Specialist Graduates (through Alaska destination training to 560 travel agents/year).

Measure #1: Number of Alaska Destination Specialist Graduates.

Number Destination Specialist Graduates

Year	YTD
FY 2004	150
FY 2005	151
FY 2006	136

Analysis of results and challenges: Destination Specialist graduates from the Travel Institute's training program decreased in FY06. ATIA designed its own specialist course for travel agents call the Alaska Certified Expert (ACE) and launched it in FY07. The program is a comprehensive training of how to package and sell Alaska including region and product information. The ACE program differs from the Travel Institute's program because it is free and is available online at www.TravelAlaska.com/trade. By making the training more interactive and accessible the ACE program will produce more graduates and trained travel agents.

C: Result - Increase international visitors to Alaska from Japan.

Target #1: 2% increase in visitors from Japan.

Measure #1: % increase in number of visitors from Japan.

Number of Japanese Visitors to Alaska

Year	YTD
FY 2004	4,200
FY 2005	5,850 +39.29%
FY 2006	6,800 +16.24%

Analysis of results and challenges: Data above reflects the number of visitors from Japan who traveled via a direct flight. In FY06 that included 18 Japan Airlines charters. JAL more than doubled the amount of winter charters which had a significant impact on visitation numbers and winter tourism to Alaska.

In FY06, ATIA commissioned a detailed study of international visitors in conjunction with the Alaska Visitor Statistics Program. Summer visitation results are available and the Japan market is estimated to include 13,000. This higher number reflects the number of Japanese visitors who are traveling to Alaska by means other than Japan Airlines such as cruise ship or via a domestic gateway. Results of the winter study will be available later in the year.

Target #2: 2% increase in annual visitors to Alaska from Germany.

Measure #2: % increase in number of visitors to Alaska from Germany.

Number of German visitors to Alaska.

Year	YTD
FY 2004	6,663
FY 2005	7,721 +15.88%
FY 2006	8,569 +10.98%

Analysis of results and challenges: Data above reflects the number of visitors who traveled directly to Alaska via Condor German Airlines summer charter flights. The program has been steadily growing every year and in FY06 Condor added an additional weekly direct flight to Alaska which significantly increased the amount of visitors to the State from Germany.

However, results from the international report of AVSP estimate the market size from German Speaking Europe to Alaska in the summer of 2006 was close to 15,000 which reflects the additional travelers who arrived in Alaska by other means than Condor.

D: Result - Promote travel to Alaska by generating stories of interest to both national and international media outlets.

Target #1: 2% annual increase in value of media coverage generated through public relations activities.

Measure #1: % increase in value of media generated through ATIA's public relations efforts.

Print Media Value (million)

Year	YTD
FY 2006	7.4
FY 2007	0 -100.00%

In addition to media value, the B4UDIE Billboard campaign generated 8.5 million audience impressions and B-roll distributed to networks on baby bison generated 7.2 million audience impressions.

Source: Independent third party review, Bacons, October 1 2005 through June 30, 2006

Analysis of results and challenges: No new data is available. The return on investment analysis has been discontinued until funds are available to conduct the research.

The public relations program works with the media to generate travel stories featuring a wide variety of Alaska travel products, regions and market segments.

D1: Strategy - Host Alaska Media Road Show, Alaska's premiere media market place designed to connect Alaska business with influential travel writers and editors.

Target #1: 2% annual increase in the number of Alaska Media Road Show participants (to allow more Alaska businesses to gain more exposure with influential travel publications, broadcasters).

Measure #1: % annual increase in the number of Alaska Media Road Show participants.

Number of Media Road Show Participants

Year	YTD
FY 2005	33
FY 2006	46 +39.39%
FY 2007	64 +39.13%
FY 2008	46 -28.13%

Analysis of results and challenges: In FY07, ATIA staff and the public relations contractor hosted the fifth annual Alaska Media Road Show in New York City, matching 44 members and community partners with 60 national travel writers to generate Alaska stories. An additional 100 writers attended an Alaska reception and were able to learn about Alaska while enjoying Alaska seafood. The Alaska Media Roadshow is the flagship event of the public relations efforts and has proven to be an effective tool in reaching a variety of media. The FY08 road show is planned for Santa Barbara, CA. The event will be held in a smaller venue, which limits the number of participants. Therefore, the anticipated number of members participating will return to FY06 levels.

D2: Strategy - Assist journalists and media outlets by providing Alaska editorial suggestions, photography, fact checking and itinerary assistance.

Target #1: 2% annual increase in the number of journalists assisted.

Measure #1: % increase in the number of journalists assisted.

Number of Journalists Assisted

Year	YTD
FY 2004	330
FY 2005	450 +36.36%
FY 2006	500 +11.11%
FY 2007	525 +5.00%

Analysis of results and challenges: In FY07 ATIA provided itinerary planning, b-roll duplication, fact checking, image fulfillment and editorial suggestions to roughly 525 domestic journalists and over 100 international media outlets.

RDU/Component: Investments

(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)

Contribution to Department's Mission

To promote economic development ;

To provide interagency and interdepartmental loan servicing of other loan portfolios that increase operational efficiencies; and

To protect the State's investments in the loan funds under administration and provide a return on capital when it does not impair program missions.

Core Services

Provide direct state loan origination and servicing under five active loan programs: Commercial Fishing, Fisheries Enhancement, Small Business Economic Development, Rural Development Initiative Fund, and Self-Help Group Home.

Provide servicing of loan portfolios owned by other state agencies.

Protect the financial integrity of the loan funds under administration through loan servicing efforts and provide a return on capital to the state when appropriate.

End Result	Strategies to Achieve End Result
<p>A: Economic development through direct state lending in those industries and in those areas that are not adequately serviced by the private sector.</p> <p><u>Target #1:</u> Create or maintain 400 jobs annually in the Alaska commercial fishing industry. <u>Measure #1:</u> The number of direct jobs created or maintained.</p> <p><u>Target #2:</u> Create or maintain 80 rural jobs annually statewide as a result of Rural Development Initiative Fund (RDIF) and Small Business Economic Development (SBED) loans. <u>Measure #2:</u> The number of rural jobs created or maintained.</p> <p><u>Target #3:</u> Provide financing to Alaskan private non-profit aquaculture corporations to produce \$40 million in hatchery-reared salmon to Alaskan commercial fisheries annually. <u>Measure #3:</u> Total annual value of hatchery-reared salmon to various commercial fisheries.</p>	<p>A1: Increase financial services provided to Alaskan commercial fishing harvesters.</p> <p><u>Target #1:</u> Provide financial services to 750 commercial fishing harvesters annually. <u>Measure #1:</u> The number of harvesters provided with financial services annually through new loans, loan restructurings, workouts, refinancing and other lending activities under the Commercial Fishing Revolving Loan Fund.</p> <p>A2: Promote development of predominately resident fisheries by increasing or maintaining the percentage of limited entry permits held by Alaska residents.</p> <p><u>Target #1:</u> Maintain the number of permits held by Alaskans at 78% or greater. <u>Measure #1:</u> The percentage of limited entry permits held by Alaska residents.</p> <p>A3: Utilize the Rural Development Initiative Fund and the Small Business Economic Development loan fund to increase the number of jobs created or maintained in rural communities.</p> <p><u>Target #1:</u> Generate sixteen new Rural Development Initiative Fund and Small Business Economic</p>

	<p>Development loans originated and serviced for the Alaska Industrial Development and Export Authority (AIDEA) annually.</p> <p><u>Measure #1:</u> The number of new Rural Development Initiative Fund and Small Business Economic Development Loans.</p> <p>A4: Promote enhancement of the state's fisheries by decreasing response time to loan applications from private non-profit aquaculture associations.</p> <p><u>Target #1:</u> Process Fisheries Enhancement loan applications in 18 days or less.</p> <p><u>Measure #1:</u> The number of days to process Fisheries Enhancement loan applications.</p>
End Result	Strategies to Achieve End Result
<p>B: Interagency and interdepartmental servicing of loan portfolios.</p> <p><u>Target #1:</u> Generate \$1.6 million or more annually in new loans.</p> <p><u>Measure #1:</u> The annual dollar amount of loans generated from loan portfolios serviced for other agencies.</p>	<p>B1: Provide prudent financial management of loan funds serviced for other agencies.</p> <p><u>Target #1:</u> Maintain the cumulative delinquency rate of revolving loan portfolios serviced for agencies other than the Alaska Division of Investments at 8% or less.</p> <p><u>Measure #1:</u> The average annual delinquency rate of all loans serviced for other agencies.</p>
End Result	Strategies to Achieve End Result
<p>C: A return of capital to the state through financial management of loan funds.</p> <p><u>Target #1:</u> Generate \$4 million in excess earnings annually that may be utilized to fund government operations.</p> <p><u>Measure #1:</u> The amount of excess earnings generated annually from the operation of loan funds.</p>	<p>C1: Generate capital excess to loan demand and operational needs to help fund government operations.</p> <p><u>Target #1:</u> Maintain the cumulative delinquency rate of all loan portfolios serviced by the Alaska Division of Investments (ADI), whether serviced for other agencies or owned by ADI, at 8% or less.</p> <p><u>Measure #1:</u> Average annual delinquency rate of all loan funds.</p> <p><u>Target #2:</u> Maintain the delinquency rate of the Commercial Fishing Revolving Loan Fund at 10% or less.</p> <p><u>Measure #2:</u> Average annual delinquency rate of the Commercial Fishing Revolving Loan Fund.</p>

Major Activities to Advance Strategies

- | | |
|---|---|
| <ul style="list-style-type: none"> • Promote Program Awareness through Marketing/Outreach Efforts • Loan Origination • Loan Servicing • Promote Awareness of Loan Servicing Capabilities • Loan Refinancing • Loan Modifications and Workouts • Loan Collections • Originate Loans in Rural Areas that Focus on Job | <ul style="list-style-type: none"> • Pursue Additional Funding Opportunities when Appropriate • Continue Utilizing Fisheries Business Assistance Contract • Continue Public Outreach Efforts to Rural Alaska • Continue Participation in the Volunteer Tax and Loan Program • Participate in Hatchery Corporation Board Meetings • Administer Salmon Enhancement Tax Distribution |
|---|---|

Major Activities to Advance Strategies

Creation

- Provide Loans To Newly Created Community Quota Entites

FY2009 Resources Allocated to Achieve Results

FY2009 Component Budget: \$4,355,200

Personnel:

Full time 39

Part time 0

Total 39

Performance Measure Detail

A: Result - Economic development through direct state lending in those industries and in those areas that are not adequately serviced by the private sector.

Target #1: Create or maintain 400 jobs annually in the Alaska commercial fishing industry.

Measure #1: The number of direct jobs created or maintained.

Number of Jobs Created or Maintained Through Commercial Fishing Revolving Loans

Year	Jobs Created/Maintained
FY 2005	603
FY 2006	400
FY 2007	357

Analysis of results and challenges: The reduction in jobs in FY07 is due to a substantial increase in the number of loan repayments made, which in turn resulted in a dramatic reduction in the number of extension requests processed. Fewer extension requests reduced the number of jobs maintained. Maintaining local ownership of fishery resources and the jobs associated with this ownership is critically important to Alaska's economy. Lending activity results in the creation of new jobs and the maintenance of existing jobs for Alaska residents, in addition to providing a necessary source of capital to the commercial fishing industry. Maintaining employment levels is critical to Alaska's economy, particularly in rural areas of the state. The Commercial Fishing Revolving Loan Fund (CFRLF) plays a significant role in the rural economy, as commercial fishing is often the only viable economic activity.

Target #2: Create or maintain 80 rural jobs annually statewide as a result of Rural Development Initiative Fund (RDIF) and Small Business Economic Development (SBED) loans.

Measure #2: The number of rural jobs created or maintained.

Number of Jobs Created or Maintained Through Rural Development Initiative Fund and Small Business Economic Development Loans

Year	Jobs Created/Maintained
FY 2003	38
FY 2004	31
FY 2005	204
FY 2006	186
FY 2007	88

Analysis of results and challenges: The RDIF and SBED loan funds are revolving loan funds that utilize borrower repayments, from existing loans, to fund new loans. ADI received additional grants in the amount of 2.5 million dollars between FY02 and FY04. With additional funding available ADI initiated a significant outreach effort in rural areas of the state. The increase in jobs in FY05 and FY06 was the result of these outreach efforts, which dramatically increased loan volume. The creation of jobs is a keystone of economic development efforts. The primary goal of the Rural Development Initiative Fund (RDIF) and the Small Business Economic Development (SBED) programs is economic development through job creation in rural areas. The reduction in FY07 reflects a decrease in available funding. ADI anticipates FY08 results to mirror FY07.

Target #3: Provide financing to Alaskan private non-profit aquaculture corporations to produce \$40 million in hatchery-reared salmon to Alaskan commercial fisheries annually.

Measure #3: Total annual value of hatchery-reared salmon to various commercial fisheries.

Total Value of Hatchery-Reared Salmon to Statewide Commercial Fisheries

Year	Hatchery Salmon Value
1998	\$41,700,000
1999	\$46,800,000
2000	\$57,000,000
2001	\$44,300,000
2002	\$29,100,000
2003	\$39,900,000
2004	\$26,500,000
2005	\$39,300,000
2006	\$59,100,000

Analysis of results and challenges: Salmon hatcheries provide a significant financial contribution to numerous coastal economies. The Alaska Division of Investments (ADI) provides the salmon aquaculture industry in Alaska with a source of low-cost capital through the Fisheries Enhancement Revolving Loan Fund (FERLF). This capital is specifically tailored by statute to meet the needs of this unique industry and is not available in the private sector. Measuring the amount of money generated annually as a result of salmon raised by FERLF participants is a good indicator of the program's effectiveness. The most recent information available from the Alaska Department of Fish & Game (ADF&G) Calendar Year 2006 (CY06), indicates a total market value of hatchery-reared salmon of \$59.1 million. The dramatic increase in CY06 is due to very strong fish returns in several different fisheries.

A1: Strategy - Increase financial services provided to Alaskan commercial fishing harvesters.

Target #1: Provide financial services to 750 commercial fishing harvesters annually.

Measure #1: The number of harvesters provided with financial services annually through new loans, loan restructurings, workouts, refinancing and other lending activities under the Commercial Fishing Revolving Loan Fund.

Harvesters Provided with Financial Services under the Commercial Fishing Revolving Loan Fund

Year	Commercial Harvesters
FY 2004	841
FY 2005	1032
FY 2006	912
FY 2007	760

Analysis of results and challenges: One of the primary benefits of the lending activity and financial services provided under the Commercial Fishing Revolving Loan Fund (CFRLF) is the creation and maintenance of jobs. There is a direct link between new loans and job creation as resident borrowers hire licensed crew to operate their small business enterprises. In addition, the Alaska Division of Investments (ADI) efforts in restructuring troubled loans serves as an economic buffer to the significant potential loss of jobs that would result without such efforts. The reduction in FY07 was due to a reduction in the number of our borrowers requiring assistance through our loan extension program. A smaller number of our borrowers needed this assistance as they were able to make their loan payments in a timely manner. ADI expects similar results in FY08.

A2: Strategy - Promote development of predominately resident fisheries by increasing or maintaining the percentage of limited entry permits held by Alaska residents.

Target #1: Maintain the number of permits held by Alaskans at 78% or greater.

Measure #1: The percentage of limited entry permits held by Alaska residents.

The Percentage of Limited Entry (LE) Permits Held by Alaskan Residents

Year	Alaskan Owned LE Permits
FY 1998	77%
FY 1999	78%
FY 2000	78%
FY 2001	78%
FY 2002	78%
FY 2003	78%
FY 2004	78%
FY 2005	78%
FY 2006	77%
FY 2007	77.2%

Analysis of results and challenges: A statutory mission of the Commercial Fishing Revolving Loan Fund is to provide long term, low interest loans to commercial fishing harvesters to promote resident fisheries. The overall resident ownership of limited entry permits is one of the ways to measure program success. Resident ownership is particularly important in rural areas where economic opportunities are limited.

A3: Strategy - Utilize the Rural Development Initiative Fund and the Small Business Economic Development loan fund to increase the number of jobs created or maintained in rural communities.

Target #1: Generate sixteen new Rural Development Initiative Fund and Small Business Economic Development loans originated and serviced for the Alaska Industrial Development and Export Authority (AIDEA) annually.

Measure #1: The number of new Rural Development Initiative Fund and Small Business Economic Development Loans.

The Number of New Rural Development Initiative Fund (RDIF) and Small Business Economic Development (SBED) Loans Originated and Serviced for Alaska Industrial Development and Export Authority

Year	New Loans ~ SBED & RDIF
FY 2003	5
FY 2004	9
FY 2005	23
FY 2006	22
FY 2007	14

Analysis of results and challenges: The Small Business Economic Development and Rural Development Initiative Fund loan programs were designed specifically for creating and maintaining jobs in rural areas of the state. The RDIF and SBED loan funds are revolving loan funds that utilize borrower repayments, from existing loans, to fund new loans. ADI received additional grants in the amount of 2.5 million dollars between FY02 and FY04. With additional funding available ADI initiated a significant outreach effort in rural areas of the state. The increase in jobs in FY05 and FY06 was the result of these outreach efforts, which dramatically increased loan volume. The reduction in FY07 reflects a decrease in available funding. ADI anticipates FY08 results to mirror FY07.

A4: Strategy - Promote enhancement of the state's fisheries by decreasing response time to loan applications from private non-profit aquaculture associations.

Target #1: Process Fisheries Enhancement loan applications in 18 days or less.

Measure #1: The number of days to process Fisheries Enhancement loan applications.

Fisheries Enhancement Loan Application Response Time

Year	Days to Process FE App
FY 2004	24
FY 2005	17
FY 2006	5
FY 2007	21

Analysis of results and challenges: Efficient processing of applications benefits the aquaculture industry during periods of economic stress such as we are currently experiencing. Projects funded through loans are not as likely to be jeopardized by delays and cost overruns when applications are processed timely. FY06 processing days was based on one loan, while FY07 is based on eight. Additionally, the FY06 borrower contacted our ADI Loan Officer prior to submission of their application, which made the actual processing of their application much faster than usual once it was actually received by ADI.

B: Result - Interagency and interdepartmental servicing of loan portfolios.

Target #1: Generate \$1.6 million or more annually in new loans.

Measure #1: The annual dollar amount of loans generated from loan portfolios serviced for other agencies.

New Loans Generated From Loan Portfolios Serviced for Other Agencies

Year	New Loans Generated
FY 2003	\$1,374,600
FY 2004	\$1,031,400
FY 2005	\$2,989,100
FY 2006	\$2,540,000
FY 2007	\$1,618,575

Analysis of results and challenges: The RDIF and SBED loan funds are revolving loan funds that utilize borrower repayments, from existing loans, to fund new loans. ADI received additional grants in the amount of 2.5 million dollars between FY02 and FY04. With additional funding available ADI initiated a significant outreach effort in rural areas of the state. The increase in loans generated in FY05 and FY06 was the result of these outreach efforts, which dramatically increased loan volume. In FY05, those steps led to a dramatic increase in loan volume and a higher level of utilization of the funds. Based on available funding, ADI anticipates similar results in FY08 as was achieved in FY07.

B1: Strategy - Provide prudent financial management of loan funds serviced for other agencies.

Target #1: Maintain the cumulative delinquency rate of revolving loan portfolios serviced for agencies other than the Alaska Division of Investments at 8% or less.

Measure #1: The average annual delinquency rate of all loans serviced for other agencies.

Average Annual Delinquency Rate of Portfolios Serviced for Other Agencies

Year	Average Delinquency Rate
FY 2003	11.0%
FY 2004	10.2%
FY 2005	14.8%
FY 2006	6.8%
FY 2007	2.6%

Analysis of results and challenges: The consolidation of lending functions across various agencies to the Alaska Division of Investments (ADI) results in more efficient government. Maintaining low delinquency rates on the loan funds administered by ADI results in greater operational efficiencies and a higher rate of return to the loan funds. The majority of loans serviced for other agencies are small business loans aimed at rural areas. Commercial lending in rural Alaska requires experience and knowledge in rural economic conditions to stimulate economic development while maintaining prudent lending practices. ADI accomplishes this by utilizing an experienced and knowledgeable staff. Improved market conditions and efficient program management led to dramatic improvements in delinquency rates in FY06 and FY07.

C: Result - A return of capital to the state through financial management of loan funds.

Target #1: Generate \$4 million in excess earnings annually that may be utilized to fund government operations.

Measure #1: The amount of excess earnings generated annually from the operation of loan funds.

Excess Earnings Utilized for Government Operations

Year	Excess Earnings Utilized
FY 2000	\$1,508,600
FY 2001	\$3,115,500
FY 2002	\$2,040,200
FY 2003	\$4,530,100
FY 2004	\$2,875,300
FY 2005	\$5,557,000
FY 2006	\$4,000,000
FY 2007	\$5,500,000

Analysis of results and challenges: Proper financial management of the Alaska Division of Investments loan portfolios creates earnings that can be made available for the operations of state government. Excess interest earnings from continuing operations of the loan funds, combined with interest earned by the Treasury from cash in the loan funds, can be utilized without sacrificing program goals when managed carefully. Improved market conditions and efficient program management resulted in increased earnings in FY07.

C1: Strategy - Generate capital excess to loan demand and operational needs to help fund government operations.

Target #1: Maintain the cumulative delinquency rate of all loan portfolios serviced by the Alaska Division of Investments (ADI), whether serviced for other agencies or owned by ADI, at 8% or less.

Measure #1: Average annual delinquency rate of all loan funds.

Average Annual Delinquency Rate of All Loan Funds

Year	Average Delinquency Rate
FY 2000	6.9%
FY 2001	10.4%
FY 2002	15.1%
FY 2003	15.6%
FY 2004	10.7%
FY 2005	6.3%
FY 2006	2.1%
FY 2007	2.6%

Analysis of results and challenges: Maintaining an appropriately low delinquency rate on loan funds under the Alaska Division of Investments (ADI) administration increases cash flow into the funds, making more funds available to lend and generating more interest income. Delinquency management is an integral part of the financial management of loan funds. ADI accomplishes this by utilizing an experienced and knowledgeable collections staff. Improved market conditions and focused collection efforts led to dramatic improvements in delinquency rates in FY06 and FY07. Improved market conditions and efficient program management resulted in extremely low delinquency rates in FY06 and FY07.

Target #2: Maintain the delinquency rate of the Commercial Fishing Revolving Loan Fund at 10% or less.

Measure #2: Average annual delinquency rate of the Commercial Fishing Revolving Loan Fund.

Average Annual Delinquency Rate of the Commercial Fishing Revolving Loan Fund

Year	Average Delinquency Rate
FY 2000	25.0%
FY 2001	17.0%
FY 2002	20.4%
FY 2003	21.5%
FY 2004	13.5%
FY 2005	9.6%
FY 2006	4.8%
FY 2007	4.9%

Analysis of results and challenges: The commercial fishing industry in Alaska has experienced dramatic and stressful changes in the recent past, primarily as a result of the impact of farmed salmon on world markets. The Alaska Division of Investments (ADI) has utilized many creative solutions to help meet the needs of the industry and accomplish program goals while at the same time protecting the integrity of the Commercial Fishing Revolving Loan Fund. ADI will continue to effectively manage delinquencies by utilizing an experienced and knowledgeable collections staff. Improved market conditions and efficient program management resulted in lower delinquency rates in FY06 and FY07.

Alaska Aerospace Development Corporation Results Delivery Unit

Contribution to Department's Mission

Promote aerospace related economic growth and development and strengthen Alaska technological infrastructure.

Core Services

- Provide rocket launch venue
- Provide rocket launch support services to customers

End Result	Strategies to Achieve End Result
A: Maintain or improve launch services operating revenue <u>Target #1:</u> Increase launch services operating revenue <u>Measure #1:</u> Amount of launch operating revenue	A1: Expand launch services offered <u>Target #1:</u> Add one new service annually <u>Measure #1:</u> Number of new services added
End Result	Strategies to Achieve End Result
B: Maintain or improve contribution level to Alaska economy <u>Target #1:</u> Increase level of operating spending in Alaska economy <u>Measure #1:</u> Amount of expenditures on in-state spending compared to total spending	B1: Increase spending on Alaska payroll, goods and services <u>Target #1:</u> Hire and train in Alaska <u>Measure #1:</u> Number of additional AADC personnel <u>Target #2:</u> Purchase Alaska goods and services <u>Measure #2:</u> Amount of operating spending with Alaska vendors compared to total vendor spending
End Result	Strategies to Achieve End Result
C: Strengthen Alaska's technological infrastructure <u>Target #1:</u> Continue investment in capital assets <u>Measure #1:</u> Amount of cumulative investment in capital assets	C1: Develop Kodiak Launch Complex (KLC) facilities and services. <u>Target #1:</u> Launch Pad 3 and Rocket Missile Storage Facility construction complete by September 2013. <u>Measure #1:</u> % Complete - Construction of Launch Pad 3 and Rocket Missile Storage.

Major Activities to Advance Strategies

- Expand launch services provided
- Maintain or improve contribution level to Alaska economy
- Develop infrastructure to enhance capabilities

FY2009 Resources Allocated to Achieve Results

FY2009 Results Delivery Unit Budget: \$28,252,000

Personnel:

Full time 53

Part time 0

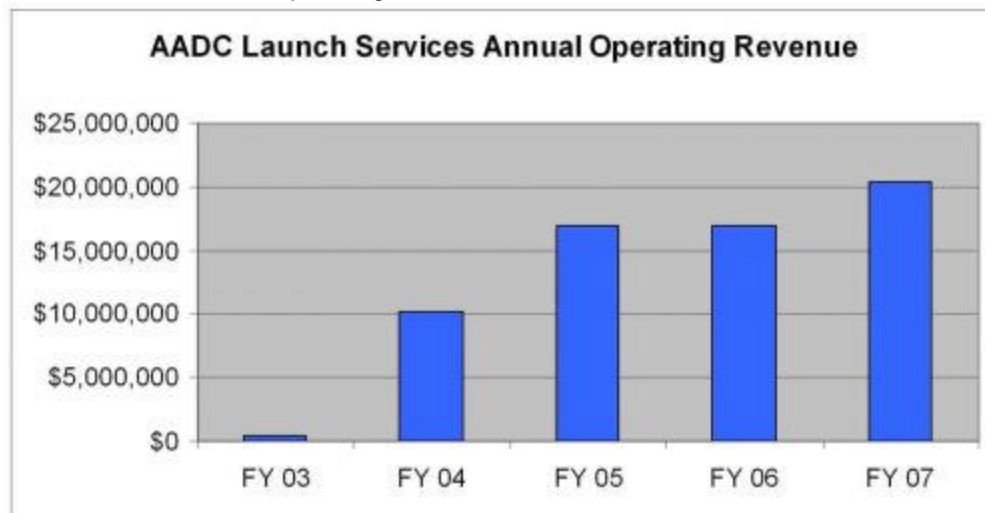
Total 53

Performance Measure Detail

A: Result - Maintain or improve launch services operating revenue

Target #1: Increase launch services operating revenue

Measure #1: Amount of launch operating revenue

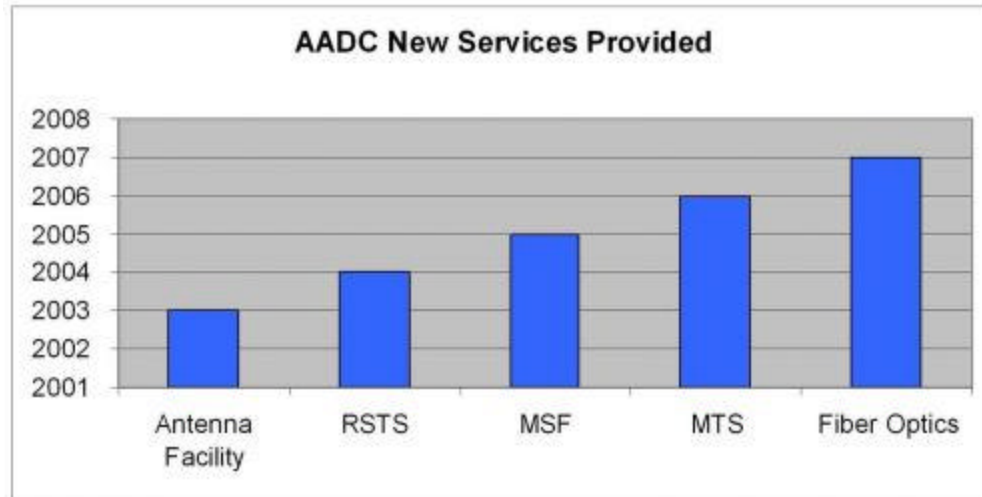


Analysis of results and challenges: Launch operating revenue for the Kodiak Launch Complex (KLC) increased from \$16.9 million in FY06 to \$20.5 million in FY07. There are three launches forecasted for FY08 with launch operating revenue projected at \$26 million. Additional launch services will be offered in order for the launch services operating revenue to increase.

A1: Strategy - Expand launch services offered

Target #1: Add one new service annually

Measure #1: Number of new services added

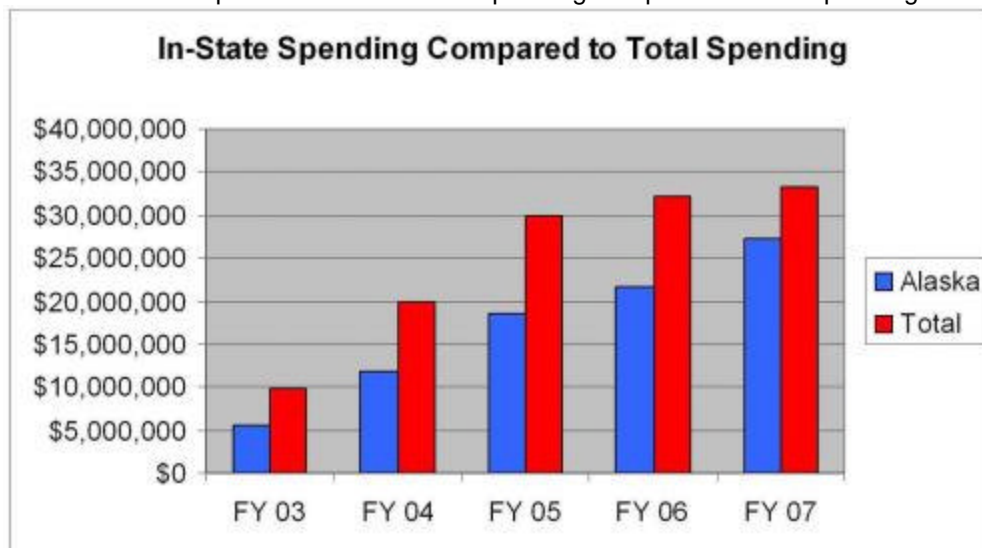


Analysis of results and challenges: In FY07, AADC spearheaded the development of an extensive submarine fiber optic cable network project designed to bring secure and dependable high-speed voice, data and internet connectivity to Kodiak and the Kenai Peninsula. This major infrastructure development for Alaska connects the Kodiak Launch Complex, the Kodiak Island Borough, the nation's largest Coast Guard facility and the entire Kenai Peninsula to the existing fiber optic network that runs throughout the state. The fiber optic network provides a secure communication network required by AADC's customer and ensures that AADC will continue to expand the necessary communication connectivity to meet customer's launch requirements. This effort contributes to AADC's overall operating revenues which add to economic growth for the state.

B: Result - Maintain or improve contribution level to Alaska economy

Target #1: Increase level of operating spending in Alaska economy

Measure #1: Amount of expenditures on in-state spending compared to total spending



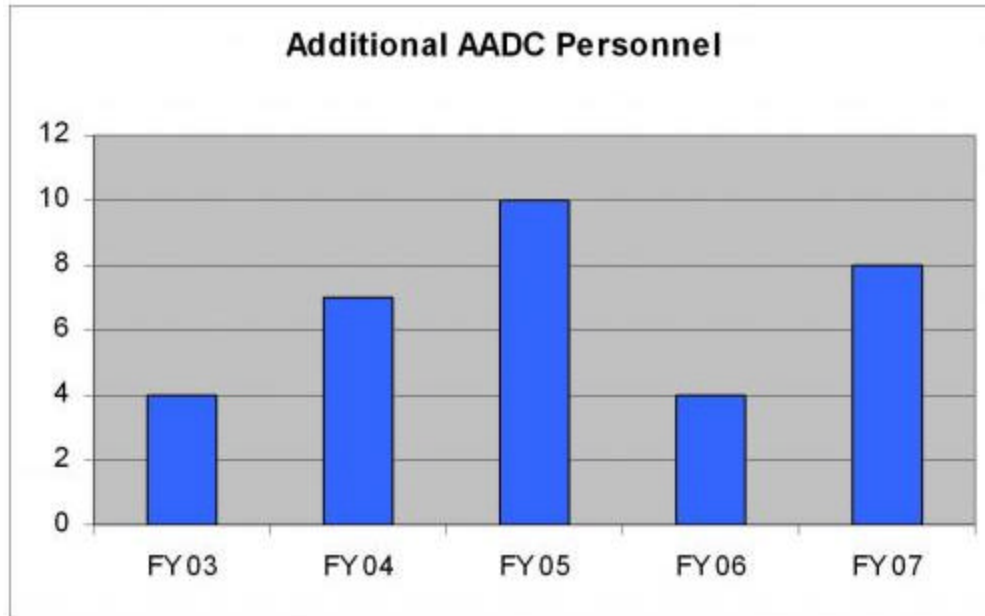
Analysis of results and challenges: In FY07, AADC spent \$27.3 million in Alaska (or 82%) compared to \$33.4 million in total expenditures. This represents a 14% increase over FY06 and an average of 6% increase

per year from FY03. This increase in the percentage of in-state spending supports AADC's mission to promote aerospace related economic growth by maintaining or improving contribution levels to Alaska's economy. This in turn has a significant, positive impact on the Alaska economy through local purchases of goods and services and the creation of indirect jobs to support these goods and services.

B1: Strategy - Increase spending on Alaska payroll, goods and services

Target #1: Hire and train in Alaska

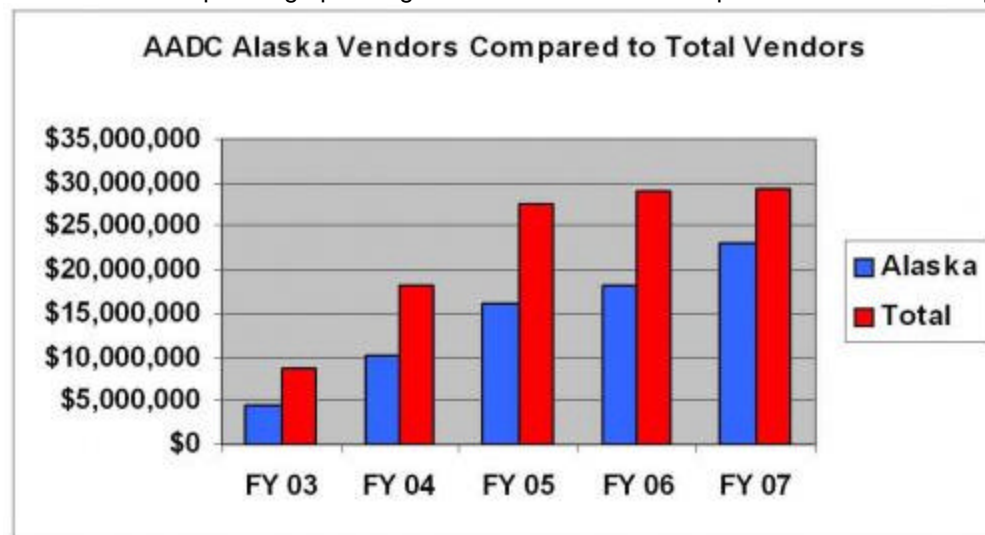
Measure #1: Number of additional AADC personnel



Analysis of results and challenges: In FY07, AADC hired 8 new personnel. AADC plans on hiring 6 new employees in FY08. This is a positive impact to the State's economy by adding personnel with wages that are higher than the Alaska average wage. This direct spending on AADC employees has a positive multiplier effect by increased spending into the Alaska economy.

Target #2: Purchase Alaska goods and services

Measure #2: Amount of operating spending with Alaska vendors compared to total vendor spending



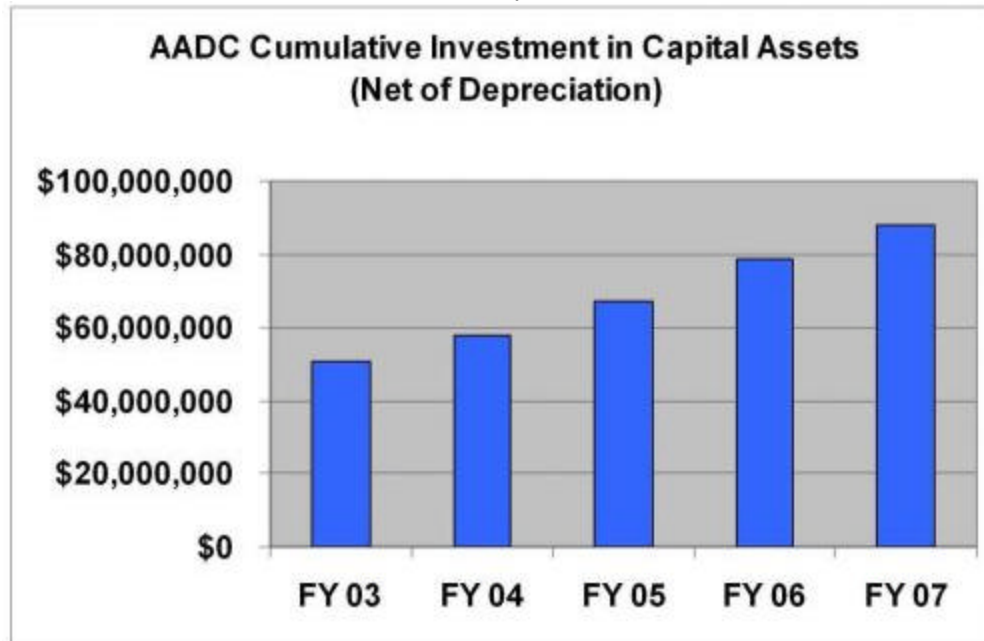
Analysis of results and challenges: AADC spent \$23 million out of \$29 million with Alaska vendors in FY07,

an 18% increase over FY06 and an average increase of 7% per year since FY03. AADC plans to continue to focus on utilizing Alaska goods and services. The use of local vendors for purchases of goods and services has a positive impact on the Alaska economy through creating additional jobs to support the delivery of these goods and services.

C: Result - Strengthen Alaska's technological infrastructure

Target #1: Continue investment in capital assets

Measure #1: Amount of cumulative investment in capital assets



Analysis of results and challenges: Cumulative investment in capital assets, taking into consideration the cost of depreciation through FY07 was \$88 million. This represents an increase of 12% over FY06, and an average increase of 15% per year since FY03. Investment in capital assets for FY07 included funds for the fiber optic system. Investment in capital assets is projected to continue in FY08.

C1: Strategy - Develop Kodiak Launch Complex (KLC) facilities and services.

Target #1: Launch Pad 3 and Rocket Missile Storage Facility construction complete by September 2013.

Measure #1: % Complete - Construction of Launch Pad 3 and Rocket Missile Storage.

% Complete - Construction of Launch Pad 3 & Rocket Missile Storage

Year	% Complete
FY 2009	0
FY 2010	0 0%

Project is anticipated to begin in fiscal year 2009. Measures will be provided as they become available.

Analysis of results and challenges: AADC has infrastructure requirements to provide increased launch capability and support customer's future requirements. The two additional facilities needed are the Launch Pad 3 (LP3) and the Rocket Missile Storage Facility (RMSF). It is imperative that AADC expand its infrastructure to remain competitive in the aerospace launch services. LP3 would enable the Kodiak Launch Complex (KLC) to continue supporting MDA and concurrently support additional customers. The RMSF would support storage of multiple rockets that are ready for launch. This would allow customers to ship multiple rockets on a single barge, reducing transportation costs.

If AADC does not expand the infrastructure to create an increased customer base, there will be limited

economic growth in Alaska's aerospace launch industry. Currently, AADC has serious inquiries of three or more potential customers (Air Force, Navy and commercial entities) that are interested in the spaceport. The economic benefit to the State of Alaska with the additional facilities would ensure future expansion of the aerospace industry, increased operating revenue for AADC and increased job opportunities from sources outside Alaska.

Meeting this target is based on obtaining all funding for this project by December 2010.

Component: Alaska Industrial Development and Export Authority

Contribution to Department's Mission

The mission of the Alaska Industrial Development and Export Authority (AIDEA) is to provide means of financing to promote economic growth and diversification in Alaska.

Core Services

Loan Participation Program

Conduit Revenue Bond Program

Business and Export Assistance Program

Rural Development Initiative Fund and Small Business Economic Development Revolving Loan Fund (AIDEA statutory programs, partially funded by AIDEA, managed by DCED)

Development Finance Program – AIDEA –owned projects

Staffing and administrative overhead for the Alaska Energy Authority

End Result	Strategies to Achieve End Result
A: Economic growth in Alaska is promoted <u>Target #1:</u> 500 Permanent jobs annually created or retained in Alaska by AIDEA financing <u>Measure #1:</u> Number of permanent jobs annually created or retained in Alaska by AIDEA financing <u>Target #2:</u> 400 Construction jobs annually created or retained in Alaska by AIDEA financing <u>Measure #2:</u> Number of construction jobs annually created or retained in Alaska by AIDEA financing	A1: Maintain/improve existing "A" credit rating <u>Target #1:</u> Keep loan delinquencies (over 90 days) at or below Alaska financial industry levels. <u>Measure #1:</u> Loan delinquency percentages compared to performance of Alaska banks <u>Target #2:</u> 1:1 ratio of cash to General Obligation debt outstanding <u>Measure #2:</u> Ratio of cash to outstanding General Obligation debt <u>Target #3:</u> Percent of loan portfolio to one type of industry limited to 50% <u>Measure #3:</u> Percent of loan portfolio by industry type

Major Activities to Advance Strategies

- | | |
|---|--|
| <ul style="list-style-type: none"> • Issue loans • Manage loan portfolio and mitigate risk through industry and geographic diversification • Invest funds • Manage AIDEA-owned projects | <ul style="list-style-type: none"> • Facilitate business development opportunities • Evaluate business proposals • Perform project feasibility studies • Participate in public outreach programs |
|---|--|

FY2009 Resources Allocated to Achieve Results**FY2009 Component Budget: \$7,599,200****Personnel:**

Full time	66
Part time	0
Total	66

Performance Measure Detail**A: Result - Economic growth in Alaska is promoted****Target #1:** 500 Permanent jobs annually created or retained in Alaska by AIDEA financing**Measure #1:** Number of permanent jobs annually created or retained in Alaska by AIDEA financing**Number of Permanent Jobs Created or Retained in Alaska by AIDEA Financing**

Year	YTD
FY 2003	542
FY 2004	630
FY 2005	1026
FY 2006	813
FY 2007	258

Analysis of results and challenges: The Loan Participation Program provides long-term financing to Alaska businesses for new or existing projects, or for the refinancing of existing loans. The Loan Participation Program has been highly successful since its inception in the early 1980's, as it mirrors the overall health of the real estate market. AIDEA's participation in financing loans helps businesses create jobs for Alaskans.

Target #2: 400 Construction jobs annually created or retained in Alaska by AIDEA financing**Measure #2:** Number of construction jobs annually created or retained in Alaska by AIDEA financing**Number of Construction Jobs Created or Retained in Alaska by AIDEA Financing**

Year	YTD
FY 2003	471
FY 2004	310
FY 2005	390
FY 2006	610
FY 2007	451

Analysis of results and challenges: AIDEA measures it's success by creating jobs and distinguishes the types of jobs created. Since AIDEA's loan participation program is used to finance commercial real estate projects and businesses, it is important to distinguish permanent jobs created from construction jobs which although temporary in nature are important in measuring economic growth.

A1: Strategy - Maintain/improve existing "A" credit rating

Target #1: Keep loan delinquencies (over 90 days) at or below Alaska financial industry levels.

Measure #1: Loan delinquency percentages compared to performance of Alaska banks

% Loan Delinquencies (over 90 days) at June 30

Year	Alaska Financial Inst	AIDEA %Delinquent
2003	NA	4.75%
2004	NA	.77%
2005	2.10%	.20%
2006	2.82%	.16%
2007	3.94%	.51%

Analysis of results and challenges: Since AIDEA's loan portfolio is primarily commercial real estate and AIDEA does not have the ability to diversify to other types of loans, such as residential or multifamily real estate, it is important for AIDEA's delinquency rate to remain below the banking industries level of delinquencies.

Target #2: 1:1 ratio of cash to General Obligation debt outstanding

Measure #2: Ratio of cash to outstanding General Obligation debt

Ratio of Cash to GO Debt Outstanding at June 30

Year	YTD
2002	1.53
2003	1.67
2004	1.54
2005	1.88
2006	1.86
2007	1.87

Analysis of results and challenges: At least one dollar of cash is available for every dollar of General Obligation debt AIDEA has outstanding. On June 30, 2007 AIDEA had \$1.87 in cash for every dollar of debt outstanding. Debt coverage is an important measure used by rating agencies to determine AIDEA's credit strength.

Target #3: Percent of loan portfolio to one type of industry limited to 50%

Measure #3: Percent of loan portfolio by industry type

Loan Portfolio Diversification by Industry		
Industry	% of Total Outstanding Principal Balance	
	June 30, 2006	June 30, 2007
Hospital/Clinic/Day Care	1.59%	6.56%
Restaurant	1.29%	2.65%
Aviation	2.77%	1.12%
Office/Warehouse	14.02%	20.88%
Recreation	6.78%	7.93%
Office/Business Condo	13.80%	12.43%
Retail	27.69%	25.03%
Tourism: Hotel/Lodge	21.70%	9.28%
Warehouse/Shop	7.33%	8.73%
Other	3.03%	5.39%
	100.00%	100.00%

Analysis of results and challenges: The loan participation program has helped diversify the Alaskan economy by providing financing for a large variety of commercial facilities ranging from office buildings, warehouses and retail establishments to hotels, fishing vessels and manufacturing facilities. AIDEA, unlike commercial banks, is limited in its loan participations to the category of commercial real estate and tangible personal property. AIDEA manages the commercial real estate portfolio for maximum diversification in conjunction with market needs.

Alaska Energy Authority Results Delivery Unit

Contribution to Department's Mission

Reduce the cost of energy in Alaska.

Core Services

AEA projects and programs support its mission by 1) providing for the operation and maintenance of existing Authority-owned projects with maximum utility control, 2) assisting in the development of safe, reliable, and efficient energy systems throughout Alaska, which are sustainable and environmentally sound, 3) reducing the cost of electricity for residential customers and community facilities in rural Alaska through the power cost equalization program, and 4) responding quickly and effectively to electrical emergencies.

End Result	Strategies to Achieve End Result
<p>A: The unit cost of energy in Alaska is reduced.</p> <p><u>Target #1:</u> Increase in generation efficiency <u>Measure #1:</u> % change in generation efficiency</p> <p><u>Target #2:</u> 100% eligible electric utilities receive PCE payments <u>Measure #2:</u> % of eligible electric utilities receiving PCE</p> <p><u>Target #3:</u> 0.16 gallons per year of fuel (diesel or natural gas) is saved for every grant dollar <u>Measure #3:</u> Number of gallons saved per grant dollar by energy cost reduction round</p>	<p>A1: Reduce the number of Bulk Fuel (BF) non-code compliant facilities</p> <p><u>Target #1:</u> Upgrade 10 rural bulk fuel facilities annually <u>Measure #1:</u> Number of completed BF upgrade projects per year</p> <p>A2: Upgrade rural powerhouses to increase diesel efficiency</p> <p><u>Target #1:</u> 8 rural power system upgrades (RPSU) completed annually <u>Measure #1:</u> Number of completed RPSU projects per year</p> <p>A3: Manage the Bulk Fuel Revolving Loan Fund to maximize the amount available to eligible communities</p> <p><u>Target #1:</u> 5% or less delinquency rate (over 90 days) <u>Measure #1:</u> \$ amount of loans over 90 days due/\$ amount of loans outstanding</p> <p>A4: Train rural residents to manage and operate rural energy infrastructure and programs</p> <p><u>Target #1:</u> 100 rural residents trained annually to manage and operate rural energy infrastructure and programs <u>Measure #1:</u> Number of rural residents trained annually</p>

FY2009 Resources Allocated to Achieve Results

FY2009 Results Delivery Unit Budget: \$32,831,400

Personnel:

Full time 0

Part time 0

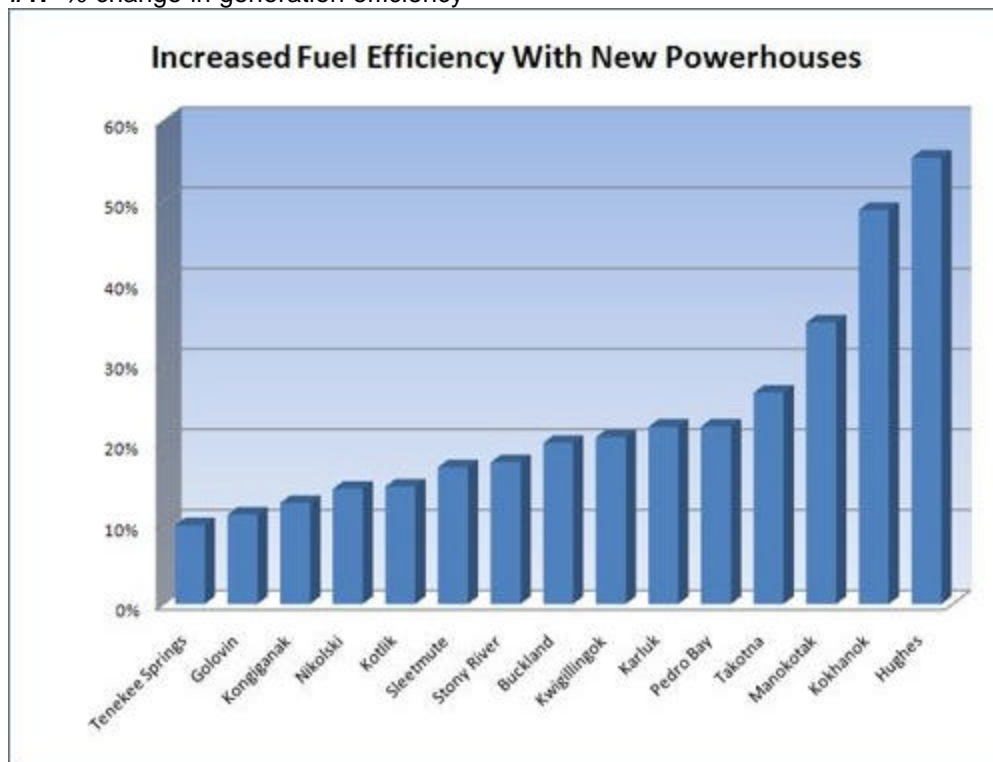
Total 0

Performance Measure Detail

A: Result - The unit cost of energy in Alaska is reduced.

Target #1: Increase in generation efficiency

Measure #1: % change in generation efficiency



Analysis of results and challenges: Generator efficiency before and after the RPSU projects based on PCE data is shown in the chart above. Diesel efficiency measures include 1) replacement of old engine generators with more efficient electronic fuel injection units, and 2) addition of modern system controls that optimize dispatch of the most efficient units for a given electrical load. Average efficiency increase in kilowatt hours produced per gallon of diesel fuel is about 20%. Increase in efficiency for the facilities listed in the chart saved more than 60,000 gallons of fuel.

Target #2: 100% eligible electric utilities receive PCE payments

Measure #2: % of eligible electric utilities receiving PCE

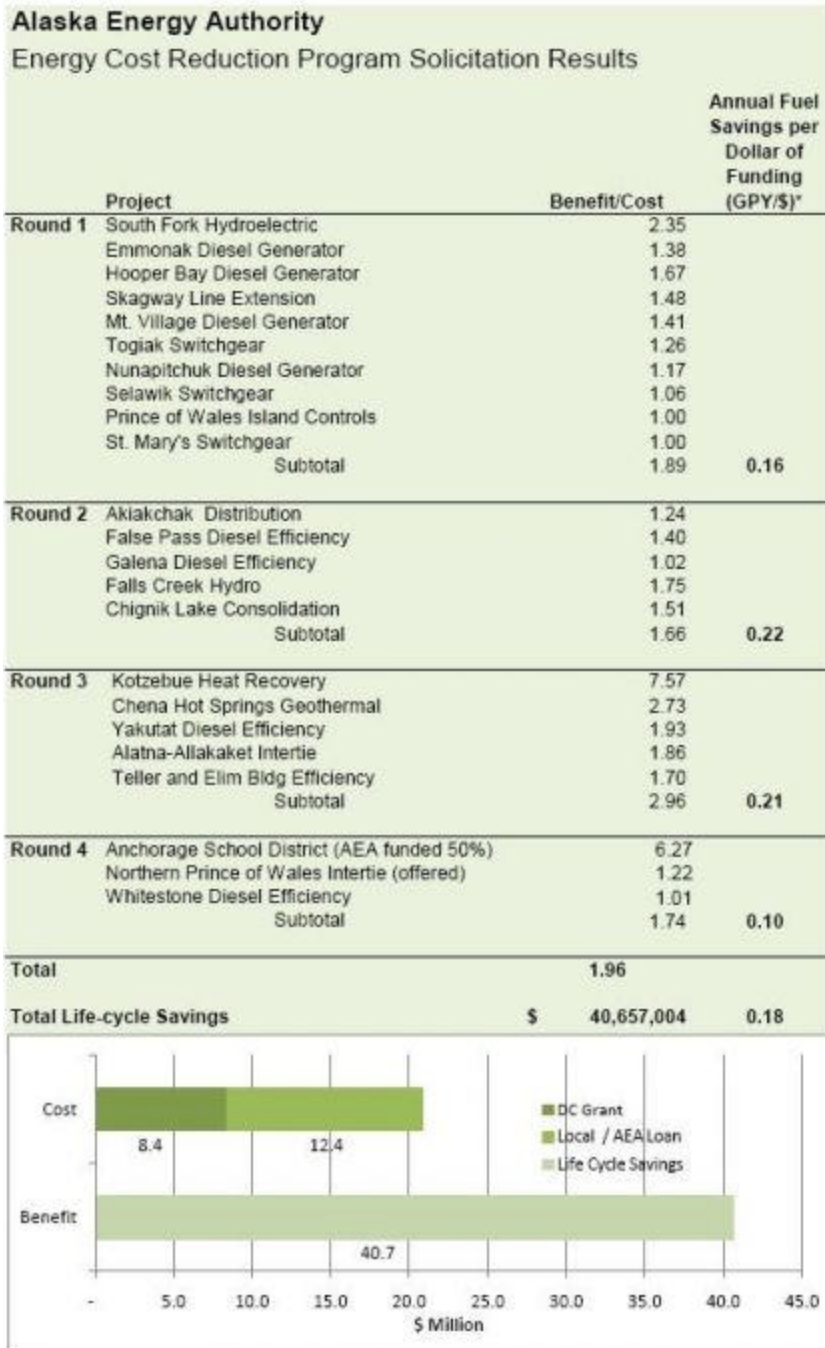
Percentage of Eligible Utilities Receiving PCE

Year	YTD
FY 2003	95.5%
FY 2004	95.5%
FY 2005	98.8%
FY 2006	98.8%
FY 2007	98.9%

Analysis of results and challenges: PCE payments reduce the unit cost of power to residential and community facility customers of eligible utilities. AEA provides technical assistance to utility clerks that need help preparing PCE reports; utilities that are not participating pursuant to the statutes and regulations do not receive some or all payments. 1 out of 88 utilities did not participate in FY 2007.

Target #3: 0.16 gallons per year of fuel (diesel or natural gas) is saved for every grant dollar

Measure #3: Number of gallons saved per grant dollar by energy cost reduction round



Analysis of results and challenges: The Energy Cost Reduction Program provides grant and loan financing for project proposals to reduce the cost of power and heat in Alaskan communities. The program is conducted through a competitive request for proposals; proposals are ranked by life cycle benefit cost analysis. Since fuel costs fluctuate and project life-cycles vary, we measure the success of this program by the estimated annual fuel savings expressed in gallons.

A1: Strategy - Reduce the number of Bulk Fuel (BF) non-code compliant facilities

Target #1: Upgrade 10 rural bulk fuel facilities annually

Measure #1: Number of completed BF upgrade projects per year

Number of completed BF Upgrade projects per year

Year	YTD
2000	3
2001	9
2002	0
2003	12
2004	11
2005	8
2006	7
2007	4

Analysis of results and challenges: A total of 21 projects were completed in years previous to 2000. Upgrading Bulk Fuel facilities reduces the unit cost of energy by replacing leaking tanks and reducing the risk of future tank and equipment failure. Bringing these facilities into compliance with federal and state codes and regulations also makes them safer and more reliable. By eliminating fuel spills from leaking tanks, a community is able to use all fuel purchased. Approximately 35 communities need bulk fuel facility upgrades.

A2: Strategy - Upgrade rural powerhouses to increase diesel efficiency

Target #1: 8 rural power system upgrades (RPSU) completed annually

Measure #1: Number of completed RPSU projects per year

RPSU Projects completed annually

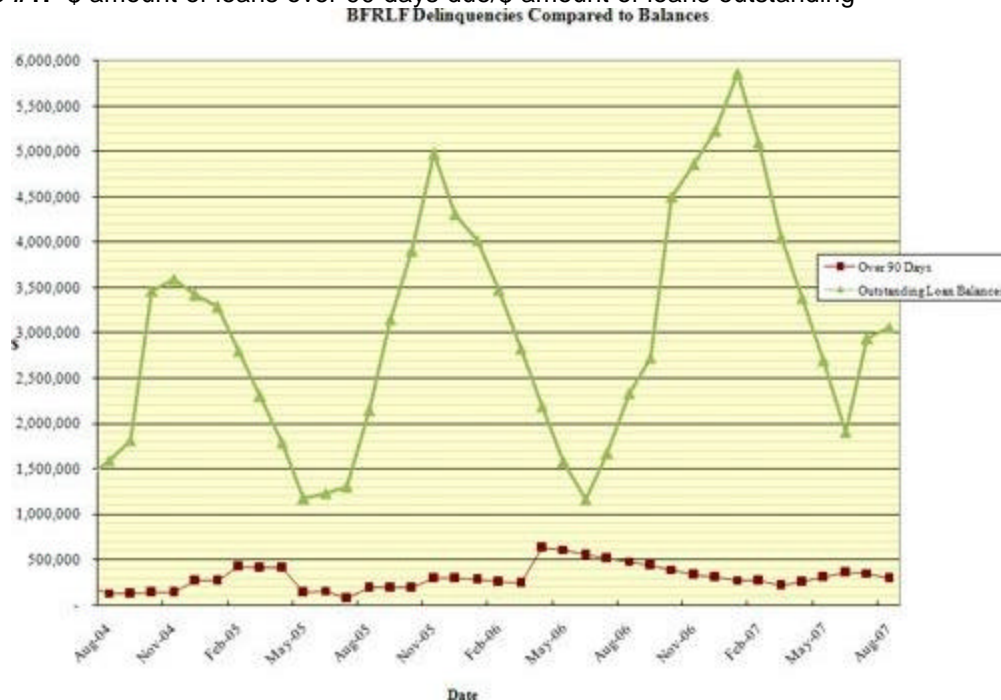
Year	YTD
2001	2
2002	1
2003	2
2004	4
2005	10
2006	10
2007	6

Analysis of results and challenges: Powerhouse upgrade projects replace outdated, inefficient systems with new electronically controlled generator sets. New powerhouses contain generators of several different sizes. This allows the operator to employ the most efficient generator at various power demand levels throughout the day. At peak demand times the largest generator provides the power, while at low-demand times the smallest generator provides the power. Approximately 55 communities require powerhouse upgrades.

A3: Strategy - Manage the Bulk Fuel Revolving Loan Fund to maximize the amount available to eligible communities

Target #1: 5% or less delinquency rate (over 90 days)

Measure #1: \$ amount of loans over 90 days due/\$ amount of loans outstanding



Analysis of results and challenges: Bulk fuel purchases reduce a community's cost of energy. As of 8/31/07, \$291,716 of outstanding loan balance of \$3,065,095 is over 90 days delinquent for a 9.52% delinquency rate. 5 loans out of a total of 39 outstanding loans are delinquent. Bulk fuel loans are short-term loans and as the graph illustrates, the outstanding loan balance fluctuates dramatically throughout the year.

A4: Strategy - Train rural residents to manage and operate rural energy infrastructure and programs

Target #1: 100 rural residents trained annually to manage and operate rural energy infrastructure and programs

Measure #1: Number of rural residents trained annually

Year	YTD
FY 2003	69
FY 2004	106
FY 2005	112
FY 2006	111
FY 2007	131

Analysis of results and challenges: Training local residents to manage and operate rural energy infrastructure reduces the unit cost of energy by providing rural residents the skills to produce and submit PCE reports and operate and maintain energy infrastructure. PCE reports must be submitted to receive PCE payments and proper maintenance of facilities helps ensure that the facilities continue to operate in the most efficient manner. Properly maintaining a facility extends the operational life of the facility.

RDU/Component: Alaska Seafood Marketing Institute*(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

Increase the economic value of Alaska seafood resources.

Core Services

- U.S. and International Retail Alaska Seafood Promotion
- U.S. and International Foodservice Alaska Seafood Promotion
- Seafood Quality Technical Support
- Public Relations and Communications

End Result	Strategies to Achieve End Result
<p>A: Increase the value of Alaska seafood resources</p> <p><u>Target #1:</u> Increase by 3% annually the ex-vessel value of key commercial species in Alaska's commercial harvest.</p> <p><u>Measure #1:</u> Compare the latest available ex-vessel value with the prior year's ex-vessel value of key commercial species using ADF&G and NMFS data.</p> <p><u>Target #2:</u> Increase by 3% the ex-vessel value of Alaska's commercial salmon harvest.</p> <p><u>Measure #2:</u> Compare the latest available ex-vessel value with prior year's ex-vessel value of Alaska salmon.</p> <p><u>Target #3:</u> Increase by 3% first wholesale value of key Alaska Salmon products.</p> <p><u>Measure #3:</u> Compare the latest available first wholesale value for key salmon products with prior year's first wholesale value for key salmon products using the Alaska Department of Revenue Alaska Salmon Price Report.</p> <p><u>Target #4:</u> Increase by 5% the volume and value of Alaska seafood exports to ASMI program destination countries.</p> <p><u>Measure #4:</u> Compare with previous years the volume and value of Alaska seafood exports going to countries where ASMI program is active (China, Japan, Europe).</p>	

Major Activities to Advance Strategies

- | | |
|--|---|
| <ul style="list-style-type: none"> • Conduct consumer campaigns to strengthen demand for wild and natural Alaska Seafood, stimulate sales | <ul style="list-style-type: none"> • Conduct quality assurance education, provide technical support for seafood industry |
|--|---|

Major Activities to Advance Strategies

- and increase economic value of Alaska seafood
- Execute advertising campaign to boost usage of all key commercial species of Alaska Seafood
- Work with broadline foodservice distributors to maximize Alaska Seafood penetration
- Customized promotion methods with retailers and foodservice operators to build on strong brand equity to differentiate Alaska Seafood from competition
- Partner with restaurant chains to increase number of restaurants that feature Alaska Seafood as a branded menu item
- Build a customer base in segments that offer best sales opportunities (e.g., colleges and universities, catering, non-commercial foodservice)
- Aid all parts of the Alaska Seafood industry, including large and small processors, regional marketers and harvesters with resources and information
- Provide technical support to the seafood industry
- Communicate with Alaska seafood suppliers, policy makers and the seafood industry about ASMI's long-range marketing plans

FY2009 Resources Allocated to Achieve Results

FY2009 Component Budget: \$18,516,700

Personnel:

Full time	19
Part time	0
Total	19

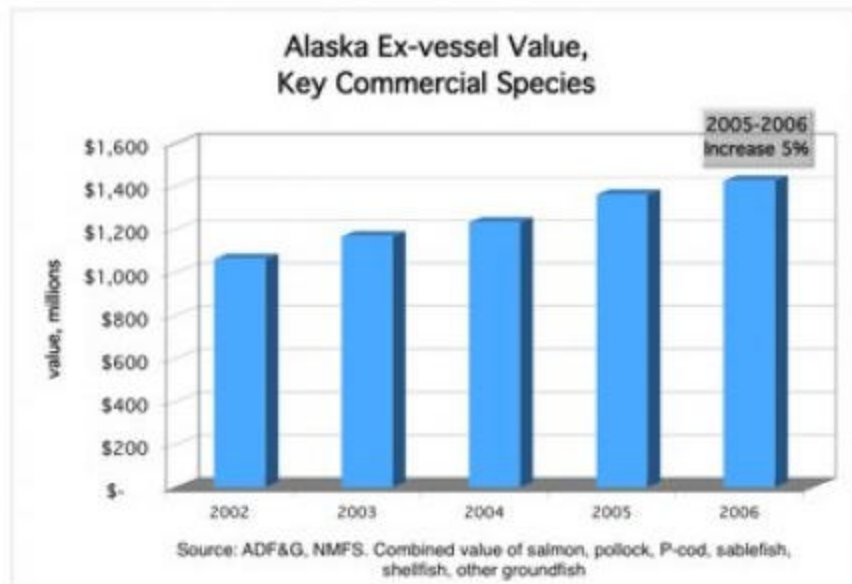
Performance Measure Detail

A: Result - Increase the value of Alaska seafood resources

Target #1: Increase by 3% annually the ex-vessel value of key commercial species in Alaska's commercial harvest.

Measure #1: Compare the latest available ex-vessel value with the prior year's ex-vessel value of key commercial species using ADF&G and NMFS data.

Alaska Seafood Key Commercial Species Ex-Vessel Value



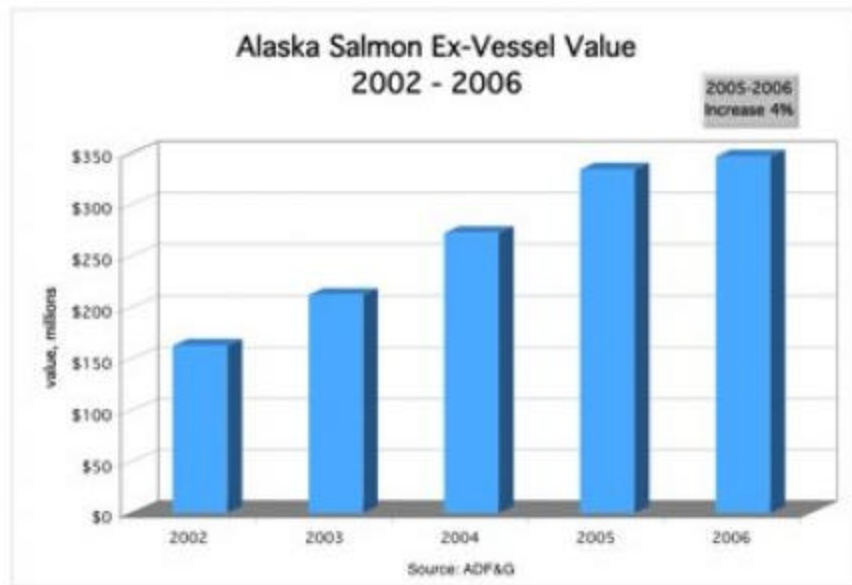
Ex-vessel value in aggregate for salmon, pollock, Pacific cod, sablefish, other groundfish and shellfish increased 5% from 2005 to 2006.

Analysis of results and challenges: Ex-vessel value of key commercial species in Alaska's commercial harvest increased from 2002 to 2006, due in part to significant state and federal investment in marketing and infrastructure. During that time volume increased only 11% while value increased 34%. From 2005 to 2006 (the most recent years for which final NMFS and ADFG statistics are available) the increase in value was 5%. ASMI expects the increases in aggregate value to taper off in response to global market conditions and reduced funding available for marketing.

Target #2: Increase by 3% the ex-vessel value of Alaska's commercial salmon harvest.

Measure #2: Compare the latest available ex-vessel value with prior year's ex-vessel value of Alaska salmon.

Alaska Salmon Ex-Vessel Value



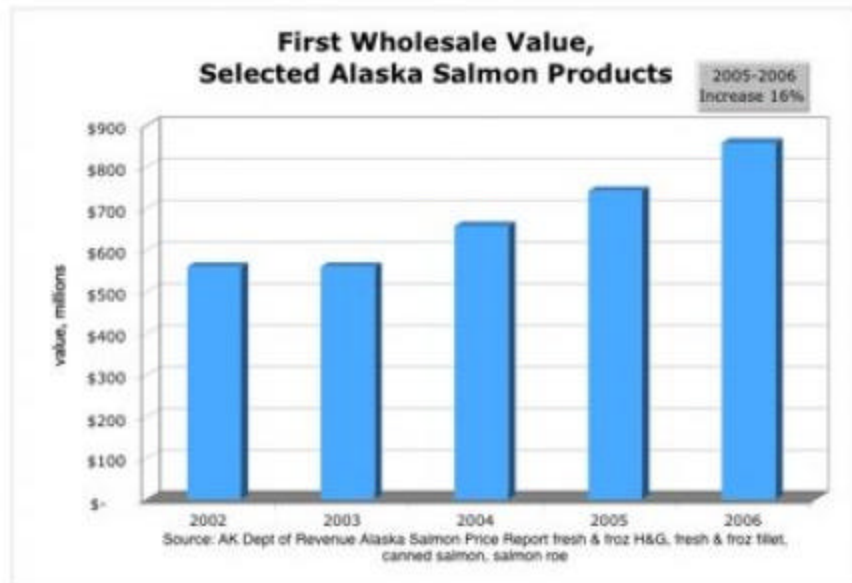
Ex-vessel value of Alaska salmon increased 4% from 2005 to 2006.

Analysis of results and challenges: Ex-vessel value of Alaska salmon increased markedly from 2002 to 2006, due to significant state and federal investment in marketing and infrastructure. From 2005 to 2006 (the most recent final statistics available) the increase was 4%. ASMI anticipates that the value increase trend will taper off due to global market conditions.

Target #3: Increase by 3% first wholesale value of key Alaska Salmon products.

Measure #3: Compare the latest available first wholesale value for key salmon products with prior year's first wholesale value for key salmon products using the Alaska Department of Revenue Alaska Salmon Price Report.

First Wholesale Value, Selected Alaska Salmon Products



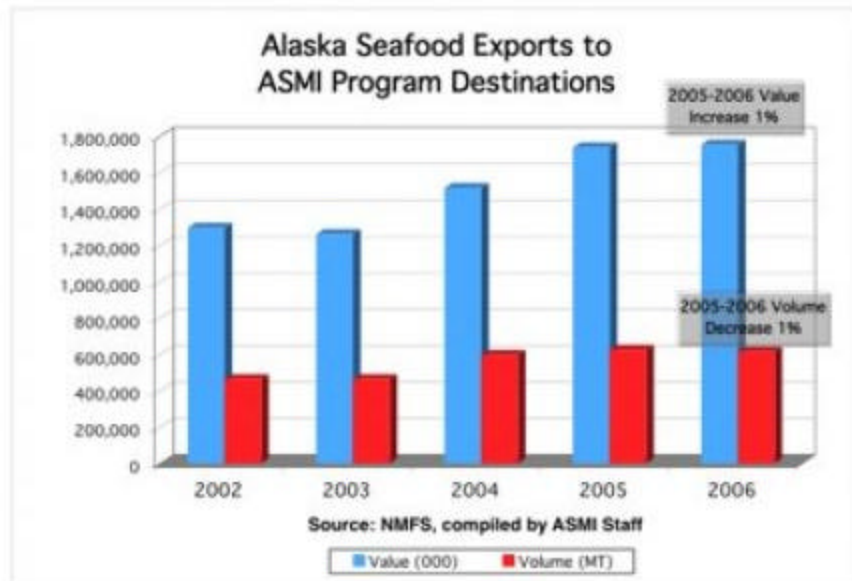
First wholesale value of selected Alaska salmon products increased 16% from 2005 to 2006.

Analysis of results and challenges: First wholesale value of Alaska salmon products increased, due to the Alaska salmon industry's continued transition to becoming a market-driven food industry and due to significant state and federal investment in marketing and infrastructure. The increase in value from 2005 to 2006 was 16%, using the most recent final statistics available from the Alaska Salmon Price Report produced by the Alaska Dept. of Revenue. Anticipated tapering off in value increase for Alaska salmon is expected to affect first wholesale value.

Target #4: Increase by 5% the volume and value of Alaska seafood exports to ASMI program destination countries.

Measure #4: Compare with previous years the volume and value of Alaska seafood exports going to countries where ASMI program is active (China, Japan, Europe).

Alaska Seafood Exports to ASMI Program Destinations



From 2002 to 2006 the value of Alaska Seafood exports to ASMI program destination countries increased 35% to more than \$1.7 billion, leveling off in 2006.

Analysis of results and challenges: From 2001 to 2005, the value of key commercial Alaska seafood species exported to countries where ASMI is active grew at nearly double the rate of the value of exports to non-ASMI-countries. Despite unusually low export value in 2002, the five year period from 2002 through 2006 shows a 35% increase in value to \$1.7 billion. The growth is due in part to the success of Alaska's efforts to differentiate our wild and natural seafood from other products, and develop equity for the Alaska brand. The trend levels off in 2006 with less than 1% growth posted in a year.

RDU/Component: Banking and Securities

(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)

Contribution to Department's Mission

Protect consumers of financial services and maintain a safe and sound state financial system.

Core Services

1. Register securities and license and examine those who sell and provide advice on securities while responding to consumer complaints regarding the sale of securities within the jurisdiction of the Alaska Securities Act.
2. Charter, license, and examine state financial institutions.
3. Require accurate disclosure of election materials from Alaska Native Claims Settlement Act corporations (ANCSA) and shareholders and investigate proxy related complaints.

End Result	Strategies to Achieve End Result
A: Protect Alaska investors. <u>Target #1:</u> All regulated broker-dealers and investment advisors are in substantial compliance with the Alaska Securities Act. <u>Measure #1:</u> Number of enforcement actions and administrative orders taken against regulated firms.	A1: Examine investment advisors and broker-dealers. <u>Target #1:</u> 100 percent of investment advisors are examined within a two-year period. <u>Measure #1:</u> Percentage examined within two-year period. <u>Target #2:</u> Examine broker/dealers on a for-cause basis. <u>Measure #2:</u> Number of examinations conducted in response to credible complaints received. A2: Register securities and those who sell securities. <u>Target #1:</u> Register securities offerings that are in compliance. <u>Measure #1:</u> Percentage of securities offerings that are registered. <u>Target #2:</u> Register sellers of securities that are in compliance. <u>Measure #2:</u> Percentage of sellers that are registered.
End Result	Strategies to Achieve End Result
B: Protect Alaska borrowers. <u>Target #1:</u> Ensure all violations cited during examinations of financial institutions are resolved. <u>Measure #1:</u> Number of enforcement actions issued due to unresolved violations.	B1: Take enforcement action against unlicensed financial institutions. <u>Target #1:</u> Identify unlicensed financial institutions. <u>Measure #1:</u> Number of enforcement actions taken against unlicensed financial institutions.
End Result	Strategies to Achieve End Result

C: Safe and sound state financial institutions.Target #1: No state banks in receivership.Measure #1: Number of state banks in receivership.**C1: Examine state financial institutions.**Target #1: Examine 100 percent of examinations on or before statutory deadlines.Measure #1: Percent of exams completed on time.**Major Activities to Advance Strategies**

- Conduct examinations of licensed financial institutions and financial service businesses.
- Coordinate examinations of depository institutions with the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration
- Prepare the Division's annual Directory of Banks and Financial Institutions.
- Maintain accreditation with the Conference of State Bank Supervisors (CSBS).
- Require licensed financial institutions to comply with statutes and take enforcement action against unlicensed financial services companies.
- Investigate consumer complaints concerning state chartered or licensed financial institutions.
- Coordinate with the Office of Consumer Affairs and Investigations to ensure consumers' concerns are being serviced and responded to appropriately.
- License and examine state supervised investment advisors.
- Conduct for cause examinations of broker-dealers, and respond to consumer complaints regarding inappropriate sales of securities.
- Conduct an eighteen month exam schedule for State investment advisors and ensure their compliance with the Alaska Securities Act.
- Process broker dealer applications for registration in Alaska by checking their backgrounds with the Central Registration Depository (CRD).
- Register securities, broker dealers, and process requests for securities exemptions.
- Supervise the activities of registered broker-dealers, investment advisors, and registered investment representatives that are licensed in the State.
- Provide educational outreach to the public with particular emphasis towards seniors and youth.
- Conduct seminars for Alaskan consumers regarding various topics such as investment accounts, fraud, and choosing an investment professional.
- Work with the Office of Consumer Affairs and Investigations to educate the public on how to avoid being a victim of a financial fraud.
- Provide educational programs on personal finances and money management and work with outreach groups, such as AARP, to publicize such events.
- Provide oversight with respect to the filing of proxies and materials received by the Division under AS 45.55.139.
- Investigate complaints concerning material misstatements in proxies and related materials for certain ANCSA corporations and their shareholders.

FY2009 Resources Allocated to Achieve Results**FY2009 Component Budget: \$3,084,600****Personnel:**

Full time	19
Part time	0
Total	19

Performance Measure Detail

A: Result - Protect Alaska investors.

Target #1: All regulated broker-dealers and investment advisors are in substantial compliance with the Alaska Securities Act.

Measure #1: Number of enforcement actions and administrative orders taken against regulated firms.

Number of enforcement actions/administrative orders against regulated firms

Year	YTD
FY 2006	2
FY 2007	0

Analysis of results and challenges: Of the 1,371 registered broker dealers, and the 29 registered state investment advisors, no enforcement actions were taken, demonstrating compliance with the Alaska Securities Act.

A1: Strategy - Examine investment advisors and broker-dealers.

Target #1: 100 percent of investment advisors are examined within a two-year period.

Measure #1: Percentage examined within two-year period.

Percent of examinations conducted over a two-year period.

Year	YTD
FY 2006	20%
FY 2007	100%

Analysis of results and challenges: In FY07, 100 percent of state investment advisors were examined.

Target #2: Examine broker/dealers on a for-cause basis.

Measure #2: Number of examinations conducted in response to credible complaints received.

Number of for-cause examinations

Year	YTD
2007	0

Analysis of results and challenges: No credible complaints were received that would trigger a for-cause examination in FY 2007.

A2: Strategy - Register securities and those who sell securities.

Target #1: Register securities offerings that are in compliance.

Measure #1: Percentage of securities offerings that are registered.

Percent of securities offerings registered.

Year	YTD
FY 2006	96%
FY 2007	91%

Analysis of results and challenges: Of the 55 applications received to register securities offerings, 50 were found compliant and were registered, and five were in process. Registrations increased by approximately 20 percent.

Target #2: Register sellers of securities that are in compliance.

Measure #2: Percentage of sellers that are registered.

Percent of sellers registered.

Year	YTD
FY 2006	99%
FY 2007	99%

Analysis of results and challenges: Of the 1,632 applications received, 1,621 sellers were found compliant and were registered; 11 sellers were not compliant and were denied registration.

B: Result - Protect Alaska borrowers.

Target #1: Ensure all violations cited during examinations of financial institutions are resolved.

Measure #1: Number of enforcement actions issued due to unresolved violations.

Enforcement actions.

Year	YTD
FY 2006	0
FY 2007	1

Analysis of results and challenges: Only one enforcement action was issued, demonstrating regulated financial institutions are generally willing to resolve any identified violations.

B1: Strategy - Take enforcement action against unlicensed financial institutions.

Target #1: Identify unlicensed financial institutions.

Measure #1: Number of enforcement actions taken against unlicensed financial institutions.

Number of unlicensed financial institutions

Year	YTD
FY 2006	3
FY 2007	1

Analysis of results and challenges: One unlicensed financial institution was identified and enforcement action was taken.

C: Result - Safe and sound state financial institutions.

Target #1: No state banks in receivership.

Measure #1: Number of state banks in receivership.

State banks in receivership.

Year	YTD
FY 2006	0
FY 2007	0

Analysis of results and challenges: No state banks are in receivership, an indicator of safe and sound state financial institutions.

C1: Strategy - Examine state financial institutions.

Target #1: Examine 100 percent of examinations on or before statutory deadlines.

Measure #1: Percent of exams completed on time.

Exams completed on time.

Year	Banks/Credit Unions	Small Loan Company	Premium Finance Company	Payday Lender
FY 2007	100%	33%	22%	54%

Analysis of results and challenges: 100% of all bank and credit union exams due in FY 2007 were completed on time.

Of the two past due small loan exams, the on-site portion of each exam has been conducted.

Of the seven past due premium finance exams, five have been completed and two are in process.

Of the seven past due payday lender exams, five have been completed and two are in process.

RDU/Component: Community Development Quota Program*(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

Develop annual reports, regulations and investigate fraud.

Core Services

Review annual reports submitted by CDQ groups and act to prevent fraud.

End Result	Strategies to Achieve End Result
A: Review annual reports submitted by CDQ groups and act to prevent fraud. <u>Target #1:</u> All groups are in compliance with program requirements. <u>Measure #1:</u> Percentage of groups in compliance.	

Major Activities to Advance Strategies

- Determine harvest amounts of fish to allocate to community development groups in the Bering Sea and the Aleutian Islands.

FY2009 Resources Allocated to Achieve Results

FY2009 Component Budget: \$230,500	Personnel:	
	Full time	0
	Part time	0
	Total	0

Performance Measure Detail**A: Result - Review annual reports submitted by CDQ groups and act to prevent fraud.****Target #1:** All groups are in compliance with program requirements.**Measure #1:** Percentage of groups in compliance.

Year	YTD
2005	0
2006	0 0%
2007	0 0%

Analysis of results and challenges: The target cannot be measured until the National Oceanic and

Atmospheric Administration (NOAA) issues new regulations for federal law (P.L. 109-241).

RDU/Component: Insurance Operations*(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

To assure competitive, viable, ethical and lawful insurance is available to Alaskans.

Core Services

- Licensing
- Compliance
- Investigations
- Filing Approval
- Public Information

End Result	Strategies to Achieve End Result
<p>A: Insurance companies and persons transacting insurance comply with Alaska laws and are financially solvent</p> <p><u>Target #1:</u> No domestic insurance company becomes insolvent <u>Measure #1:</u> Number of insolvent insurers</p> <p><u>Target #2:</u> 75% of investigations approved by the Director are completed within one year. <u>Measure #2:</u> Percentage completed within one year.</p>	<p>A1: Timely financial examinations of domestic insurers</p> <p><u>Target #1:</u> 100% of financial examinations of domestic insurance companies are done every three years <u>Measure #1:</u> Percentage completed every three years</p> <p>A2: Efficient licensing of both insurers and persons transacting insurance business</p> <p><u>Target #1:</u> Producer applications processed within 10 days <u>Measure #1:</u> Average number of days for processing</p> <p><u>Target #2:</u> 80% of insurance company applications issued within 60 days <u>Measure #2:</u> Percentage of applications issued within 60 days</p> <p><u>Target #3:</u> Surplus lines applications are approved or denied within 90 days of receipt of a complete application. <u>Measure #3:</u> Percentage completed within 90 days</p> <p>A3: Thorough review of alleged violations of Alaska statutes</p> <p><u>Target #1:</u> 100% of alleged violations of Alaska statutes undergo an initial case review, and receive a recommendation whether or not to present to the Director for approval to investigate. <u>Measure #1:</u> Percentage of case assessments and</p>

	<p>investigations performed</p> <p>A4: Market conduct examinations are used to assess market practices</p> <p><u>Target #1:</u> Perform market conduct examinations and market analysis to resolve compliance and market access issues.</p> <p><u>Measure #1:</u> Number of compliance issues that are resolved through market conduct examinations and market analysis.</p> <p>A5: Develop an insurance company self-certification program that rate and policy form filings comply with Alaska laws and regulations</p> <p><u>Target #1:</u> Develop state specific filing checklists for self-certification of all product lines</p> <p><u>Measure #1:</u> Percentage of companies making filings accompanied by self-certification forms</p>
End Result	Strategies to Achieve End Result
<p>B: Competitive, up-to-date insurance products are available to Alaskan consumers</p> <p><u>Target #1:</u> No more than 65% of the Property and Casualty market is shared by the top 5 insurers</p> <p><u>Measure #1:</u> Percentage of market share - top 5 Property and Casualty insurers</p> <p><u>Target #2:</u> 80% of rate and policy form filing approvals completed within 30 days</p> <p><u>Measure #2:</u> Percentage approved within 30 days</p>	<p>B1: Alaskan consumers are aware and knowledgeable about insurance</p> <p><u>Target #1:</u> 80% of consumer guides updated within one year of previous version</p> <p><u>Measure #1:</u> Percentage of consumer guides updated within one year</p> <p>B2: Conduct public outreach programs to provide educational assistance in understanding insurance products and processes. The Division also updated its Alaska Insurance Consumer Guide, which is now available to people across the state.</p> <p><u>Target #1:</u> 6 outreach programs conducted annually</p> <p><u>Measure #1:</u> Number of programs conducted annually</p>

Major Activities to Advance Strategies

- | | |
|---|---|
| <ul style="list-style-type: none"> • Review and revise company licensing instructions on forms and website for clarity and completeness. • Quarterly meetings with Attorney General staff to review current licensing actions/issues • Perform examinations both as desk audits and on-site audits to confirm compliance • Implement an integrated complaint and investigation tracking system • Training for investigator unit with various law enforcement agencies • Fund an assistant Attorney General with the criminal division to work with the Division of Insurance • Perform onsite/desk audits of insurers and surplus lines brokers for premium tax and fee payments | <ul style="list-style-type: none"> • Increase access to the National Association of Insurance Commissioners data base for ability to utilize the national tools available • Perform assessment of a Surplus Lines Association through a cost/benefit analysis • Develop a frequently asked questions format for publication on the web site and paper distribution • Coordinate with the new Office of Consumer Affairs and Investigations with new consumer education and consumer outreach • Prepare updates to the various consumer guides • Develop a public information officer to provide consistent information to the public and oversee division website |
|---|---|

Major Activities to Advance Strategies

- Review surplus lines insurers financial statements utilizing software that searches for factors outside the norm, and review by staff
- Staff participation in National Association of Insurance Commissioners meetings, seminars and other related training
- Visit insurers to present favorable market conditions and statistics
- Participate in the National Association of Insurance Commissioners "market analysis" project to modernize our approach to market oversight
- Require companies to use filing checklists
- Update the public request for information process to provide efficient responses and to provide documentation of compliance with deadlines
- Implement a process for desk audits or on-site audits to improve filing quality
- Investigate a new connection to the System for Electronic Rate and Form Filing to allow filings analysts to efficiently process filings
- Prepare Division annual report
- Visit consumer groups to do informational meetings on topics of current interest

FY2009 Resources Allocated to Achieve Results

FY2009 Component Budget: \$6,694,500

Personnel:

Full time	53
Part time	0
Total	53

Performance Measure Detail

A: Result - Insurance companies and persons transacting insurance comply with Alaska laws and are financially solvent

Target #1: No domestic insurance company becomes insolvent

Measure #1: Number of insolvent insurers

Number of insolvent insurers.

Year	YTD
2003	0
2004	0 0%
2005	0 0%
2006	0 0%
2007	1 0%

Analysis of results and challenges: A Multiple Employer Welfare Association (MEWA) submitted a financial report in 2007 which may indicate that it may not have the funds to pay claims. The division is currently working with the MEWA to insure that claims can be paid, and will take whatever action is appropriate to protect policyholders.

Target #2: 75% of investigations approved by the Director are completed within one year.

Measure #2: Percentage completed within one year.

Percentage of investigations completed.

Year	YTD
2003	87
2004	85 -2.30%
2005	79 -7.06%
2006	67 -15.19%

This information is based upon an annual, rather than FY calendar. Complete information for 2007 is not yet available.

Analysis of results and challenges: Note that the number and complexity of investigations varies from year to year. Consequently, the percentage of completed investigations will vary.

A1: Strategy - Timely financial examinations of domestic insurers

Target #1: 100% of financial examinations of domestic insurance companies are done every three years

Measure #1: Percentage completed every three years

Percent of completed financial examinations done every three years.

Year	YTD
2003	100%
2004	100%
2005	100%
2006	100%
2007	100%

A2: Strategy - Efficient licensing of both insurers and persons transacting insurance business

Target #1: Producer applications processed within 10 days

Measure #1: Average number of days for processing

Percentage processed

Year	YTD
2003	15
2004	15 0%
2005	11 -26.67%
2006	5 -54.55%
2007	2 -60.00%

Analysis of results and challenges: The Division has increased its efficiency in this category. Time to process applications has decreased by 60%.

Electronic processing has helped to increase our efficiency and meet our needs.

Target #2: 80% of insurance company applications issued within 60 days

Measure #2: Percentage of applications issued within 60 days

Percent issued within 60 days

Year	YTD
2003	56
2004	74 +32.14%
2005	77 +4.05%
2006	75 -2.60%
2007	74.7 -0.40%

Analysis of results and challenges: The Division is slightly below it's goal of 80%. It is anticipated that electronic filing will bring the Division closer to meeting that goal, or will enable the Division to reach it.

Target #3: Surplus lines applications are approved or denied within 90 days of receipt of a complete application.

Measure #3: Percentage completed within 90 days

Percentage completed in 90 days

Year	YTD
2003	86
2004	75 -12.79%
2005	82 +9.33%
2006	88 +7.32%
2007	100 +13.64%

A3: Strategy - Thorough review of alleged violations of Alaska statutes

Target #1: 100% of alleged violations of Alaska statutes undergo an initial case review, and receive a recommendation whether or not to present to the Director for approval to investigate.

Measure #1: Percentage of case assessments and investigations performed

Percentage of case assessments

Year	YTD
2005	81
2006	100 +23.46%

Analysis of results and challenges: Not all allegations of violations warrant a written analysis. However, every allegation of wrongdoing that the Division receives undergoes a formal or informal analysis. Note that in May of 2005, the Division began conducting an informal analysis to determine whether or not to open up a formal investigation. Consequently, there are no figures for prior to 2005. Note also that these numbers are based upon an annual, rather than FY calendar.

A4: Strategy - Market conduct examinations are used to assess market practices

Target #1: Perform market conduct examinations and market analysis to resolve compliance and market

access issues.

Measure #1: Number of compliance issues that are resolved through market conduct examinations and market analysis.

Number of compliance issues resolved

Year	YTD
2003	0
2004	3 0%
2005	10 +233.33%
2006	12 +20.00%
2007	12 0%

Analysis of results and challenges: Market conduct exams are used to assess compliance with the law, best practices, and to correct behavior. The division participates in in-state and multi-state examinations (collaborative examinations among jurisdictions). The issues involved are varied and can range from review of sales materials, advertising, claims review and agent training. The number of issues set out in this chart represent major compliance matters that have been corrected during the relevant time-frame.

A5: Strategy - Develop an insurance company self-certification program that rate and policy form filings comply with Alaska laws and regulations

Target #1: Develop state specific filing checklists for self-certification of all product lines

Measure #1: Percentage of companies making filings accompanied by self-certification forms

Percentage of companies making filings accompanied by self-certification forms

Year	YTD
2006	34
2007	37 +8.82%

Analysis of results and challenges: Since the self-certification was enacted in statute, effective 11/2/05, the self-certification became available to both property/casualty and life/health insurers, not just property/casualty insurers, and the number of filings made under the file and use review process averaged about 30 filings per month in 2006 and grew slightly to average about 35 filings per month in 2007. This filing method is used primarily by property/casualty insurers (approximately 100 property/casualty insurers made file and use form filings in 2007 while only about 40 life/health companies used this method).

B: Result - Competitive, up-to-date insurance products are available to Alaskan consumers

Target #1: No more than 65% of the Property and Casualty market is shared by the top 5 insurers

Measure #1: Percentage of market share - top 5 Property and Casualty insurers

Percentage of Property and Casualty market share: top 5 insurers:

Year	YTD
FY 2003	37.7
FY 2004	37.8
FY 2005	37.6
FY 2006	36.2

Analysis of results and challenges: Data for FY 2007 is not yet available, due to the time frames involved in reporting and analyzing the data. However, based upon the data for FYs 2003-2006, it appears that there is

no undue concentration in the Property and Casualty markets.

Target #2: 80% of rate and policy form filing approvals completed within 30 days

Measure #2: Percentage approved within 30 days

Percentage of approvals within 30 days

Year	YTD
2003	53
2004	59 +11.32%
2005	68 +15.25%
2006	60 -11.76%
2007	63 +5.00%

Analysis of results and challenges: The Division continues to work on meeting this goal. The filing review statute change that became effective on November 2, 2005 has helped speed up the review process. However, due to significant staff turnover, the turn around time has increased due to training of the new analysts. As the analysts have become more experienced, the review time began to decrease. The average review time for rate and form approval in 2007 was 38 days compared to a 40 day average review period in 2006. We anticipate being able to increase the number of filings that meet the 30 day review period next year.

B1: Strategy - Alaskan consumers are aware and knowledgeable about insurance

Target #1: 80% of consumer guides updated within one year of previous version

Measure #1: Percentage of consumer guides updated within one year

Percentage of consumer guides updated

Year	YTD
2003	80
2004	80
2005	80
2006	80
2007	80

Analysis of results and challenges: We continuously update our consumer guides, which are available over the internet. As changes to the law and market conditions warrant, we review and update our consumer guides. This is an ongoing project at the division.

B2: Strategy - Conduct public outreach programs to provide educational assistance in understanding insurance products and processes. The Division also updated its Alaska Insurance Consumer Guide, which is now available to people across the state.

Target #1: 6 outreach programs conducted annually

Measure #1: Number of programs conducted annually

Number of programs conducted

Year	YTD
2003	0
2004	6
2005	6
2006	9
2007	9

Analysis of results and challenges: The Director and Deputy Director speak to numerous stakeholder groups throughout the year. This includes chambers of commerce, as well as consumer, agent, and industry groups.

Component: Corporations, Business and Professional Licensing

Contribution to Department's Mission

Ensure that competent professional and commercial services are available to Alaska consumers.

Core Services

- Administer 20 licensing programs through support to Boards or Commissions; administer 19 programs solely through the division (without oversight of a board or commission).
- License businesses to engage in commerce in Alaska, and grant tobacco endorsements to businesses for sale of tobacco related products.
- Register Corporations engaged in commerce in Alaska.

End Result	Strategies to Achieve End Result
A: Protect the public from unethical and incompetent providers of services. <u>Target #1:</u> Investigate customer complaints that have a potential for licensing violations. <u>Measure #1:</u> Number of cases opened during the fiscal year.	A1: Establish procedures to help qualified individuals meet licensing requirements. <u>Target #1:</u> Review regulations to stay current with industry needs and standards. <u>Measure #1:</u> Number of regulation projects initiated.
End Result	Strategies to Achieve End Result
B: Ensure professional and commercial services are available to the public. <u>Target #1:</u> Ensure availability of practitioners and businesses qualified to provide services. <u>Measure #1:</u> Number of current licensees each year.	B1: Online accessibility of information. <u>Target #1:</u> Provide online services for licensee convenience. <u>Measure #1:</u> Number of programs that provide online capabilities.

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> • Perform the following functions for over 130 occupations within the 38 programs: • Distribute application forms for initial licensure and renewal by mail and Internet • Respond to questions from applicants, other states and non-governmental organizations regarding Alaska's licensing laws • Review applications to determine if qualifications have been met • Determine whether applicants are in arrears on child support or student loan repayment • Verify Alaska licenses for the licensing agencies of other states • Write and/or administer professional examinations 	<ul style="list-style-type: none"> • Represent the state in appeals of license denials, lawsuits and appeals of disciplinary actions • Provide public lists of licensees on CD-ROM, paper, and through Internet search of the computer databases. • Distribute application forms for initial licensure and renewal by mail and Internet • Review applications for completeness and legal sufficiency • Classify businesses according to their activities • Issue licenses at service counters in Juneau and Anchorage • Issue and renews licenses via the Internet • Research the licensing history of Alaska businesses

Major Activities to Advance Strategies

- Investigate complaints of incompetent or illegal activity by professionals
- Prepare formal accusations against licensees when investigations reveal evidence of violations of licensing laws
- Present the legal case against licensees charged with violations
- Negotiate settlements with licensees whom the division believes violated the law
- Report disciplinary actions taken against Alaska licensees to national databanks
- Organize and staff licensing board/commission meetings
- Assist licensing boards in writing regulations
- Bring unlicensed businesses into voluntary compliance with the law
- Suspend tobacco sales endorsements of businesses convicted of selling tobacco to minors
- Assist tobacco enforcement officers by recording tobacco endorsement actions in the database and making the data available via the internet
- Provide public lists of licensed businesses on CD-ROM and through Internet search of the computer database.
- Provide registration of Corporate entities via the web.

FY2009 Resources Allocated to Achieve Results

FY2009 Component Budget: \$8,504,700

Personnel:

Full time 65

Part time 0

Total 65

Performance Measure Detail

A: Result - Protect the public from unethical and incompetent providers of services.

Target #1: Investigate customer complaints that have a potential for licensing violations.

Measure #1: Number of cases opened during the fiscal year.

Cases Opened During the Fiscal Year

Year	YTD
FY 2000	499
FY 2001	626
FY 2002	626
FY 2003	614
FY 2004	557
FY 2005	652
FY 2006	786
FY 2007	549

Analysis of results and challenges: The division's desire is to address all consumer complaints expediently. The increased number of consumer complaints over recent years is reflective of providing greater accessibility to the public such as the ability to file a complaint online. It represents public awareness of where to address their concerns; streamlining of internal procedures to address their concerns; streamlining of internal procedures to address complaints expediently; the ability to assist the investigative process through the use of panel/peer review committees; and working with Boards to take a more aggressive role in addressing consumer complaints. The number of Open Cases are reflective of current investigative efforts and management efficiencies to prioritize complaints received. Open Cases are only those complaints that were

investigated and do not represent all complaints received from consumers. Some complaints are closed simply by referring them to appropriate agencies or individuals; closed for the lack of statutory or regulatory authority; or closed because the potential of a violation simply does not measure up to the more serious complaints and allegations.

A1: Strategy - Establish procedures to help qualified individuals meet licensing requirements.

Target #1: Review regulations to stay current with industry needs and standards.

Measure #1: Number of regulation projects initiated.

Regulation Projects

Year	YTD
FY 2005	20
FY 2006	36
FY 2007	44

Analysis of results and challenges: The division and licensing boards have a responsibility to ensure services are provided by competent, qualified licensees and to ensure regulations are in place to direct safe and competent practices by licensees. As new licensing programs are created; as changes (education, national trends, scope of practice, etc.) develop in an industry; and as safety issues arise, regulation projects are developed to address the need and provide guidance to licensees and the industry. The increase in regulation projects represent the myriad of issues concerning changes in the industries, and ensures that safety issues are being addressed.

B: Result - Ensure professional and commercial services are available to the public.

Target #1: Ensure availability of practitioners and businesses qualified to provide services.

Measure #1: Number of current licensees each year.

Current Licensees by Fiscal year

Year	YTD
FY 2000	112,053
FY 2001	114,169
FY 2002	114,755
FY 2003	118,595
FY 2004	115,698
FY 2005	116,009
FY 2006	116,933
FY 2007	118,917

Analysis of results and challenges: Alaska benefits by increasing its number of competent, qualified practitioners; however, it is not always easy to attract practitioners to the State. The agency and licensing boards encourages new practitioners and businesses through simplifying its licensing process, while maintaining a high level of ethical practice standards required of its licensees. The numbers of licensees represent current professional and business licenses in the corresponding fiscal year. When the number of licensees increase, more services are available to Alaskan consumers. Because of the current economic status, businesses are currently moving or closing which results a decrease in the number of licenses between years.

In addition to licensing statistics, there are approximately 17,962 registered corporations in Alaska.

B1: Strategy - Online accessibility of information.

Target #1: Provide online services for licensee convenience.

Measure #1: Number of programs that provide online capabilities.

Programs with Online Capabilities

Year	YTD
FY 2000	0
FY 2001	1
FY 2002	3
FY 2003	4
FY 2004	4
FY 2005	6
FY 2006	6
FY 2007	6

Analysis of results and challenges: FY 2001: Business Licensing provided new licenses and renewals online.

FY 2002: Architects, Engineers and Land Surveyors; and Real Estate license renewals were added.

FY 2003: Nursing (RN) license renewals were added.

FY 2004: No new programs added.

FY 2005: Nursing (LPN) and Medical were added. (Note: Nursing is one program although categories were added during different fiscal years.)

FY 2006: No new programs added.

FY 2007: No new programs added.

CORPORATIONS: Most filings for Corporation registration is available online.

RDU/Component: Regulatory Commission of Alaska*(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

Protect consumer interests and promote economic development by ensuring affordable, reliable utility and pipeline services and ensuring that the utility and pipeline infrastructure supports community needs.

Core Services

- Decide all nature of disputes between individual regulated entities, regulated entities and their consumers or shippers and regulated entities and the Attorney General representing the Public Interest.
- Implement federal legislation related to the transition to competitive telecommunication markets in Alaska and federal mandates regarding energy issues.
- Monitor competitive markets in telecommunications and Alaska natural gas.
- Participate in federal legislation affecting Alaska's regulated industries and in the development of federal regulations affecting Alaska's telecommunications issues via the Federal Communications Commission (FCC) and energy issues via the Federal Energy Regulations Commission (FERC).
- Maintain a cooperative and mutually respectful working relationship with FERC to continue the tradition which allows the RCA to be the only state commission in the United States to hold concurrent hearings with the FERC regarding certain TAPS matters.
- Promulgate Alaskan regulations which provide clarity, direction and improve the regulation of public utilities and common carrier pipelines in Alaska.
- Participate in national forums for energy and telecommunications to ensure that national policy making efforts take into consideration Alaska's unique infrastructure and geographic conditions.
- Certificate Common Carrier Pipelines and Public Utilities, including provisional certification of very small water/sewer utilities.
- Provide Alaska's consumers with a non judgmental resource for resolve complaints about Utility service and billing practices.
- Monitor power cost equalization filings and calculate power cost equalization rates.

End Result	Strategies to Achieve End Result
A: Timely decisions If the RCA does not issue a final decision under AS 42.05 prior to the expiration of a statutory deadline, the filing will go into effect by force of law. <u>Target #1:</u> Final decisions of the RCA issued within existing statutory deadlines. <u>Measure #1:</u> Number and percentage of final decisions of the RCA issued within the statutory deadlines.	A1: Immediately assign staff resources to a docket within 15 business days after the case is filed with us. <u>Target #1:</u> Issue an initiating order on all matters filed with in the Commission within 15 days after filing which identifies, at minimum: A. The statutory or regulatory timeline B. The Commission Panel Assigned C. The Administrative Law Judge Assigned <u>Measure #1:</u> Percent of initiating orders issued on

	<p>matters filed with the commission within 15 days.</p> <p>A2: Schedule public hearings to allow parties sufficient time to present a record and the RCA sufficient time to adjudication the decision.</p> <p><u>Target #1:</u> In all utility and non-complex pipeline matters with hearings, initially reserve a hearing date which requires the parties to present their cases under the following timelines:</p> <p>A. 6 month statutory/regulatory timeline – 4th month B. 9 month</p> <p><u>Measure #1:</u> Percent of all utility and pipeline matters which had hearing dates initially scheduled in accordance with the above target.</p> <p>A3: Issue the final order within a reasonable timeframe after the conclusion of a hearing based on the complexity of the matter.</p> <p><u>Target #1:</u> Issue the final order in a case based on the following schedule: In most cases, issue the final substantive order within 90 days after conclusion of hearing. Cases of higher complexity (as determined either during adjudication or hearing): 120 days after</p> <p><u>Measure #1:</u> Percent of orders which were issued within the deadlines established above.</p>
End Result	Strategies to Achieve End Result
<p>B: The RCA's final decisions are based on an evidential record and contain justification for the decision reached.</p> <p><u>Target #1:</u> The number of resolved cases roughly equal the number of cases received each year, excepting those cases on appeal.</p> <p><u>Measure #1:</u> Number of cases closed during the fiscal year, compared to total number of cases opened during the year, excepting those cases on appeal.</p>	<p>B1: The Chairman or Adjudications Commissioner shall meet with the Chief Judge and the Advisory Section Manager twice monthly to review the RCA's docket status (Docket Status Meeting)</p> <p><u>Target #1:</u> The Chairman or Adjudications Commissioner shall meet with the Chief Judge and the Advisory Section Manager, twice monthly to review the RCA's docket status (Docket Status Meetings).</p> <p><u>Measure #1:</u> The number of Docket Status Meetings held during the fiscal year. (Goal: 24 Meetings)</p>
End Result	Strategies to Achieve End Result
<p>C: The RCA's final decisions are based on an evidential record and contain justification for the decision reached.</p> <p><u>Target #1:</u> RCA decisions are upheld on appeal.</p> <p><u>Measure #1:</u> The number of cases which are affirmed by the court and the total number of RCA orders reviewed by the court.</p>	<p>C1: The RCA's professional staff understands the complex issues presented in RCA dockets and are able to apply federal and state statutes, federal and state case law and our regulations and precedent appropriately to advise the Commission. .</p> <p><u>Target #1:</u> RCA's professional staff receives training opportunities annually to expand their knowledge and understanding of the regulatory environment. Goal: 60% of RCA Advisory Staff will receive a training opportunity annually.</p> <p><u>Measure #1:</u> The number of training opportunities taken</p>

	<p>per year, compared to the number of RCA Advisory Staff.</p> <p><u>Target #2:</u> RCA Administrative Law Judges are provided training opportunities annually to expand their knowledge and understanding of the regulatory legal environment. Goal: 100% of RCA Administrative Law Judges will receive a training opportunity annually.</p> <p><u>Measure #2:</u> The number of training opportunities taken per year, compared to the number of RCA Administrative Law Judges.</p>
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Major Activities to Advance Strategies

- Decide cases on a timely basis.
- Clearly establish the rationale and basis for commission decision making in Commission Orders
- Continually improve the regulatory environment by enacting regulations which respond to the developing utility markets and ratepayer needs.
- Respond promptly to consumer needs and problems.
- Provide a user-friendly fully integrated website for ratepayers and regulated utilities.
- Promote open process through frequent public meetings.
- Improve staff technical ability through training and industry specific interaction.
- Engage in open communication with regulated industries, political and public consumer groups.

FY2009 Resources Allocated to Achieve Results

FY2009 Component Budget: \$8,199,200

Personnel:

Full time	57
Part time	0
Total	57

Performance Measure Detail

A: Result - Timely decisions

If the RCA does not issue a final decision under AS 42.05 prior to the expiration of a statutory deadline, the filing will go into effect by force of law.

Target #1: Final decisions of the RCA issued within existing statutory deadlines.

Measure #1: Number and percentage of final decisions of the RCA issued within the statutory deadlines.

Final Orders Meeting Statutory Deadlines

Year	YTD	Met statutory deadline	% Met deadline
2004	195	195	100
2005	190	190	100
2006	170	169	99.4
2007	170	170	100

Analysis of results and challenges: In 2007 the addition of administrative law judges and the use of initiating orders helped the RCA meet all its statutory deadlines. The addition of four administrative law judges by July 2007 provided additional personnel with legal expertise. In addition, statutory deadlines, calculated manually, were identified early in the docket process. Under this procedure, the statutory deadline

was identified and promptly communicated to all parties allowing parties to dispute the RCA's calculation early in the docket process. Then with the statutory deadline established, the RCA planned its calendar to complete scheduled hearings, consider the issues, and prepare final orders no later than the established deadline.

A1: Strategy - Immediately assign staff resources to a docket within 15 business days after the case is filed with us.

Target #1: Issue an initiating order on all matters filed with in the Commission within 15 days after filing which identifies, at minimum:

- A. The statutory or regulatory timeline
- B. The Commission Panel Assigned
- C. The Administrative Law Judge Assigned

Measure #1: Percent of initiating orders issued on matters filed with the commission within 15 days.

Analysis of results and challenges: This is a new benchmark for fiscal 2008 which the RCA will track once the new case management system is fully implemented. The Agency began the process of implementing this Target on July 1, 2006, but the automated systems are not yet in place to track and report the data.

A2: Strategy - Schedule public hearings to allow parties sufficient time to present a record and the RCA sufficient time to adjudication the decision.

Target #1: In all utility and non-complex pipeline matters with hearings, initially reserve a hearing date which requires the parties to present their cases under the following timelines:

- A. 6 month statutory/regulatory timeline – 4th month
- B. 9 month

Measure #1: Percent of all utility and pipeline matters which had hearing dates initially scheduled in accordance with the above target.

Analysis of results and challenges: This is a new benchmark for fiscal 2008 which the RCA will track once the new case management system is fully implemented.

A3: Strategy - Issue the final order within a reasonable timeframe after the conclusion of a hearing based on the complexity of the matter.

Target #1: Issue the final order in a case based on the following schedule: In most cases, issue the final substantive order within 90 days after conclusion of hearing. Cases of higher complexity (as determined either during adjudication or hearing): 120 days after

Measure #1: Percent of orders which were issued within the deadlines established above.

Analysis of results and challenges: This is a new Target for fiscal 2008, when the RCA will have automated tracking and reporting features implemented as part of its new case management system.

B: Result - The RCA's final decisions are based on an evidential record and contain justification for the decision reached.

Target #1: The number of resolved cases roughly equal the number of cases received each year, excepting those cases on appeal.

Measure #1: Number of cases closed during the fiscal year, compared to total number of cases opened during the year, excepting those cases on appeal.

Docket Summary

Year	Beginning	open dockets	closed dockets	ending docket
FY 2004	163	151	163	151
FY 2005	151 -7.36%	135 -10.60%	179 +9.82%	107 -29.14%
FY 2006	107 -29.14%	149 +10.37%	155 -13.41%	101 -5.61%
FY 2007	101 -5.61%	174 +16.78%	166 +7.10%	109 +7.92%

Analysis of results and challenges: The RCA has received an average of 152 new cases per year over the last four years. In response to legislative concerns about timeliness in 2003, the RCA completely restructured its Agency to aggressively manage its caseload. As a result of this effort, our docket load is well controlled and we are meeting all statutory timelines.

B1: Strategy - The Chairman or Adjudications Commissioner shall meet with the Chief Judge and the Advisory Section Manager twice monthly to review the RCA's docket status (Docket Status Meeting)

Target #1: The Chairman or Adjudications Commissioner shall meet with the Chief Judge and the Advisory Section Manager, twice monthly to review the RCA's docket status (Docket Status Meetings).

Measure #1: The number of Docket Status Meetings held during the fiscal year. (Goal: 24 Meetings)

Analysis of results and challenges: The RCA put this new procedure in place during fiscal 2007. The RCA Chairman designated an Adjudications Commissioner which is responsible for running and scheduling matters for adjudication. During fiscal 2007, the RCA held Docket Status meetings at least once monthly and the goal for fiscal 2008 is to hold at least 24 docket status meetings per fiscal year.

C: Result - The RCA's final decisions are based on an evidential record and contain justification for the decision reached.

Target #1: RCA decisions are upheld on appeal.

Measure #1: The number of cases which are affirmed by the court and the total number of RCA orders reviewed by the court.

Number of appealed decisions

Year	YTD
2004	16
2005	7
2006	31
2007	20

C1: Strategy - The RCA's professional staff understands the complex issues presented in RCA dockets and are able to apply federal and state statutes, federal and state case law and our regulations and precedent appropriately to advise the Commission. .

Target #1: RCA's professional staff receives training opportunities annually to expand their knowledge and understanding of the regulatory environment. Goal: 60% of RCA Advisory Staff will receive a training opportunity annually.

Measure #1: The number of training opportunities taken per year, compared to the number of RCA Advisory Staff.

Analysis of results and challenges: This is a new Target for fiscal 2008.

Target #2: RCA Administrative Law Judges are provided training opportunities annually to expand their knowledge and understanding of the regulatory legal environment. Goal: 100% of RCA Administrative Law Judges will receive a training opportunity annually.

Measure #2: The number of training opportunities taken per year, compared to the number of RCA Administrative Law Judges.

Analysis of results and challenges: This is a new target. The data will be available in 2008

RDU/Component: Alaska State Community Services Commission*(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

To foster, support and promote the ethic of service and volunteerism for all Alaskans.

Core Services

- Collaborate in National Service activities and training with other Corporation National Community Service partners.
- Establish connections with volunteer organizations to communicate with partners regarding service and volunteerism activities which focus on developing youth and meeting Alaska's social needs.

End Result	Strategies to Achieve End Result
A: Increase national service volunteerism throughout the State. <u>Target #1:</u> Strengthen volunteerism in Alaska. <u>Measure #1:</u> Number of community volunteers recruited by national service members.	A1: Increase number of national service volunteer programs supported by ASCSC in Alaska. <u>Target #1:</u> To increase number of sub grantees, partners and supporters served by the ASCSC by 20%. <u>Measure #1:</u> To increase number of presentations to potential sub grantees, partners and supporters. A2: Increase number of people considering volunteering through awareness of volunteer opportunities, their impact, availability, and reward. <u>Target #1:</u> Educate resource pools of potential volunteer candidates regarding national service and volunteer programs and the role of ASCSC and sub grantees. <u>Measure #1:</u> Number of community outreach activities participated in such as: presentations given by Board Commissioners and staff to community organizations.
End Result	Strategies to Achieve End Result
B: Ensure that national service programs statewide are inclusive to individuals with disabilities. <u>Target #1:</u> Increase number of individuals with disabilities (self-disclosed) involved in national service programs by 25%. <u>Measure #1:</u> Number of individuals with disabilities (self-disclosed) involved in national service programs.	B1: Engage people with disabilities in national service programs. <u>Target #1:</u> Implement a recruitment plan that national service programs in Alaska can utilize. <u>Measure #1:</u> Number of national service programs in Alaska that receive outreach materials. <u>Target #2:</u> Engage an active statewide disability inclusion committee committed to efforts to increase individuals with disabilities in national service statewide. <u>Measure #2:</u> Number of times that committee meets and the number of opportunities that the committee creates for individuals with disabilities.

Major Activities to Advance Strategies

- Promote national service volunteerism in Alaska through active outreach activities
- Ensure that national service and volunteer programs are inclusive to individuals with disabilities
- Provide training and technical assistance to organizations and communities involved in volunteerism activities.

FY2009 Resources Allocated to Achieve Results

FY2009 Component Budget: \$3,280,800

Personnel:

Full time	3
Part time	0
Total	3

Performance Measure Detail

A: Result - Increase national service volunteerism throughout the State.

Target #1: Strengthen volunteerism in Alaska.

Measure #1: Number of community volunteers recruited by national service members.

Number of AmeriCorps members and volunteers

Year	AmeriCorps Members	generated volunteers
FY 2003	116	0
FY 2004	20	0
FY 2005	134	0
FY 2006	138	0
FY 2007	128	5759

The establishment of stronger programs in Alaska's communities will be measured by the number of volunteers recruited by national service members. This is a new measure; FY 2007 was the first year to track the number of volunteers generated by AmeriCorps members

Analysis of results and challenges: To increase community volunteerism, the Commission must ensure strength in its national service member programs. The Commission will continue to promote national service programs in Alaska by encouraging organizations to participate in its grant-sponsored programs and by promoting national service opportunities to individuals. The establishment of stronger programs in Alaska's communities can then be measured by the number of volunteers generated by national service members. This is a new measure and will be calculated starting in FY07.

A1: Strategy - Increase number of national service volunteer programs supported by ASCSC in Alaska.

Target #1: To increase number of sub grantees, partners and supporters served by the ASCSC by 20%.

Measure #1: To increase number of presentations to potential sub grantees, partners and supporters.

Number of ASCSC Sub-grantees and grants

Year	AmeriCorps Sub Grantees	Learn & Serve	YTD
FY 2004	4/8	6/6	10/14
FY 2005	3/6	4/4	9/10
FY 2006	3/6	4/4	9/10
FY 2007	3/6	4/4	9/10

Analysis of results and challenges: The Commission has maintained the same number of sub-grantees since 2005. The Commission is confident that it can increase the number of sub-grantees by introducing an additional RFP opportunity for the Federal Formula funds.

A2: Strategy - Increase number of people considering volunteering through awareness of volunteer opportunities, their impact, availability, and reward.

Target #1: Educate resource pools of potential volunteer candidates regarding national service and volunteer programs and the role of ASCSC and sub grantees.

Measure #1: Number of community outreach activities participated in such as: presentations given by Board Commissioners and staff to community organizations.

Analysis of results and challenges: This is a new measure and will be calculated starting in FY08.

B: Result - Ensure that national service programs statewide are inclusive to individuals with disabilities.

Target #1: Increase number of individuals with disabilities (self-disclosed) involved in national service programs by 25%.

Measure #1: Number of individuals with disabilities (self-disclosed) involved in national service programs.

Number of Individuals with Disabilities Involved in National Service and Volunteer Programs

Year	YTD
FY 2006	NA
FY 2007	4

Analysis of results and challenges: Starting in FY08 reporting the number of individuals (self-reported) with a disabilities has been included in the reporting requirements for the sub-grantees. The reported numbers may not fully reflect the total number of national service members with a disability since the data is only captured when an individual self-reports their disability.

B1: Strategy - Engage people with disabilities in national service programs.

Target #1: Implement a recruitment plan that national service programs in Alaska can utilize.

Measure #1: Number of national service programs in Alaska that receive outreach materials.

Analysis of results and challenges: Although outreach materials were developed, shortages in ASCSC staff have prevented the distribution of those materials. The number of outreach materials is therefore zero. The Commission plans to ensure that this next step is taken in the coming year.

Target #2: Engage an active statewide disability inclusion committee committed to efforts to increase

individuals with disabilities in national service statewide.

Measure #2: Number of times that committee meets and the number of opportunities that the committee creates for individuals with disabilities.

Analysis of results and challenges: These are new measures and will be calculated starting in FY08.